

# Comprehensive Annual Financial Report

For Fiscal Year Ended March 31, 2004

New York State  
and Local  
Retirement System

Office of the New York State Comptroller  
**Alan G. Hevesi**

New York State and Local Retirement System  
Employees' Retirement System  
Police and Fire Retirement System



# NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

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Employees' Retirement System  
Police and Fire Retirement System

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended March 31, 2004**

Prepared by the staff of the New York State and Local Retirement System  
110 State Street  
Albany, NY 12244

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We are...



A photograph of a family of three outdoors. A woman in a pink sleeveless top is laughing and looking up at a young boy in a plaid shirt who is being held by a man in a light blue shirt. They are all smiling. The background is a grassy field with trees and a wooden structure.

committed  
to providing  
exceptional service  
to our members  
and retirees



## Introduction



September 30, 2004

I am pleased to present this Comprehensive Annual Financial Report (CAFR) for the New York State and Local Retirement System (the System), for the fiscal year ended March 31, 2004. The System is responsible for both the accuracy of the presented information and the completeness and fairness of the presentation, including all disclosures made within this report.

This CAFR was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board. The System's transactions are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The CAFR is divided into five sections:

- Introduction Section - contains this letter of transmittal, an organization chart, the Deputy Comptroller's report, and a summary of System highlights
- Financial Section - contains the Independent Auditors' Report, Management's Discussion & Analysis, the System's financial statements, and required supplementary information
- Investment Section - contains a report on investment activity, investment policies, investment results, and various investment schedules
- Actuarial Section - contains an Actuary's Certification Letter and the results of the annual actuarial valuation
- Statistical Section - contains significant data pertaining to the System

The New York State Employees' Retirement System (ERS) was established in 1921. In 1966, the State Legislature created the Police and Fire Retirement System (PFRS). Together, they make up the System. The assets of ERS and PFRS are held in the Common Retirement Fund and managed by the Division of Pension Investment and Cash Management.

The System offers retirement benefits for members who reach specific ages or have completed a specified number of years of service, depending on the system and plan they are enrolled in. At the end of fiscal year 2003-04, there were a total of 970,078 members, retirees and beneficiaries, and 2,985 participating employers.

## Funding

The System's funding objective is to meet long-term benefit promises through employer contributions that remain level as a percent of member payroll. Annual employer contributions are determined on an actuarial basis and actual employer contributions are the greater of a minimum contribution of 4.5 percent of member payroll or actuarial contributions. Employer contributions are returning to their designed long-term levels after many years of very small contributions. The System remains well-funded and a detailed discussion of its funding is provided in the Actuarial Section of this report.

## Investments

To meet our obligations to pensioners, members and beneficiaries, the Fund's assets are diversified over a number of investments, and a host of different investment strategies are employed to control risk. In the past year, the Fund returned 28.83 percent, dramatically exceeding the 20-year annual average of 11.97 percent.

Additionally, to maximize the value of stock owned by the Fund, I have been at the forefront of corporate reform, working with various companies and corporate boards on a host of different issues ranging from environmental and labor principles to accounting and executive compensation standards.

## Accounting Practices

My staff is responsible for identifying control objectives relating to the protection of assets and ensuring that all transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. We are responsible for the design, implementation and maintenance of adequate internal controls to provide reasonable assurance that control objectives are achieved. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities, sound practices in the performance of duties, and personnel with capabilities commensurate with their responsibilities. We believe the internal controls in effect during the fiscal year ended March 31, 2004, adequately safeguard the System's assets and provide reasonable assurance regarding the proper recording of financial transactions.

GASB Statement No. 34 requires that we provide a narrative introduction, overview and analysis of the System's financial activities in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section, immediately following the report of the independent auditor.

## Major Initiatives

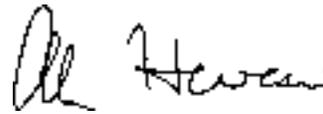
In the past year, we have undertaken several major initiatives to improve service to our members. Highlights of these initiatives are included in the report from the Deputy Comptroller for the Retirement System.

## Acknowledgements

This report was prepared by the Divisions of Retirement Services and Pension Investment and Cash Management. It is intended to provide complete and reliable information as a basis for making management decisions, for determining compliance with legal provisions, and determining responsible stewardship of the System's assets.

I would like to take this opportunity to express my gratitude to my staff and advisors who work so diligently to assure the successful operation of the System.

Sincerely,



Alan G. Hevesi

# ADVISORY COMMITTEES

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College Retirement Equities Fund

### **Michael Slipowitz**

Chief Actuary  
MONY Life Insurance

### **Joel Steinberg**

Chief Actuary  
New York Life Insurance Co.

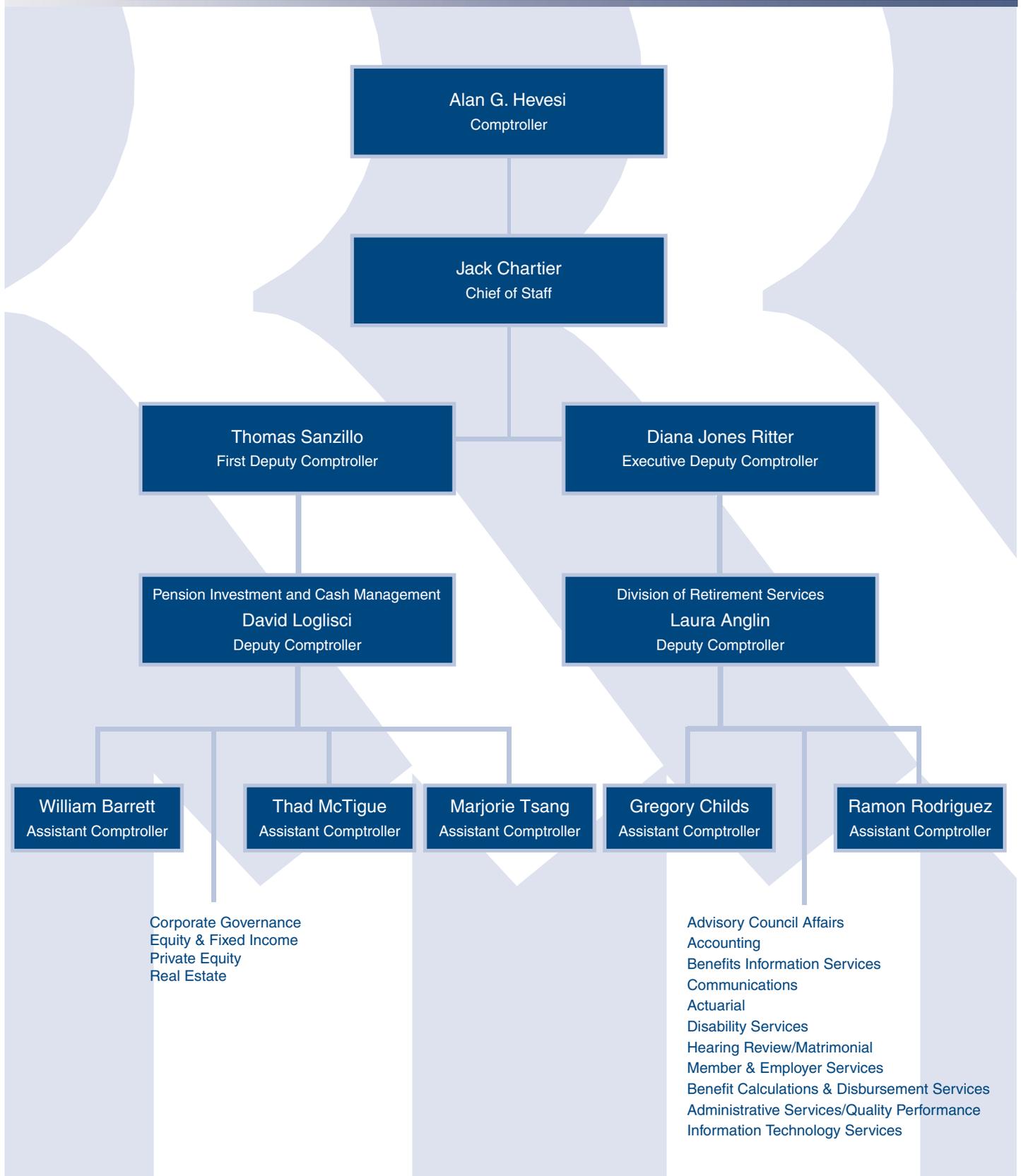
### **Stanley Talbi**

Chief Actuary  
Metropolitan Life Insurance

### **Suzanne Taranto**

Vice President and Actuary  
AXA Financial Services

# NEW YORK STATE AND LOCAL RETIREMENT SYSTEM ORGANIZATIONAL CHART



# REPORT FROM DEPUTY COMPTROLLER LAURA ANGLIN

Under the leadership of State Comptroller Alan Hevesi, the Division of Retirement Services oversees and administers all aspects of the New York State and Local Retirement System (NYSLRS).

During the past year, we expanded our efforts to improve service levels and standards for members, retirees and employers. Below are some of the major initiatives we undertook in fiscal year (FY) 2003-04.

## New Projects

### **Loan Deferment Program Implemented for Military Members**

Comptroller Hevesi directed us to implement provisions of the Patriot Plan, enabling members on active duty to temporarily suspend their loan repayments until they return. If members chose to do this, their loans would not default while on active duty, interest would continue to accrue, and the maximum five-year repayment period would be extended by the length of time served on military duty. In addition, if loans were granted prior to a member entering active military service, the interest rate was reduced to six percent while the member was on active military duty, providing that the rate was higher at the loan's inception.

### **Information and Options for Members Regarding New IRS Regulations Affecting Loans**

On January 1, 2004, new Internal Revenue Service (IRS) regulations went into effect changing the method for determining the taxability of refinanced loans granted by us. While members could still refinance existing loans with new ones, the new IRS calculation to determine what portion of the loan was taxable could result in a higher amount being subject to Federal income tax.

To minimize these taxes, we allow members to take out a new loan and have it treated separately, so each loan has its own minimum repayment amount, repayment period, interest charges and loan insurance premium. Members can now choose between re-financing and taking multiple loans.

The IRS changes required us to launch a major informational campaign to inform our members about the new law. Letters and special bulletins were sent to employers requesting they be distributed to employees, information was posted on the website, a special e-mail was sent to all those on the E-News mailing list, and our automated information line (IVR) was changed and updated.

### **Internet Reporting Programs for Employers**

We are dedicated to strengthening our partnership with employers. One way we do this is by offering programs to make employers' jobs easier. Several years ago, we created the Retirement Internet Reporting (RIR) program, allowing employers to report their employees' salary and service information via the Internet. The program was the first one of its kind among public retirement systems in the country. At the end of FY 2004, 717 employers were using the service, doubling the 343 users in FY 2003.

With the success of RIR, we launched another Internet-based program for employers, the Retiring Employees Acknowledgement Program (REAP). This program provides e-mail notification to employers when their employees retire and offers employers a secure server to submit final salary, vacation and sick leave information online. Employers have already given us positive feedback on this latest Internet reporting program.

### **Redesigned Pre-Retirement Seminars and Presentations**

We redesigned our pre-retirement seminars for both ERS and PFRS members. Employers can now request custom-designed presentations for their employees within five years of retirement. This enables us to create and bring a tailor-made seminar presentation to locations throughout the State. We work with employers to coordinate the topics and issues and provides benefit projections and consultations for employees when requested.

## **Multi-Media Pre-Retirement Planning**

We produced and distributed our “Preparing for Retirement” multi-media presentation. The presentation features seven short video segments filled with information members need to know before they retire, such as how to receive service credit and how to properly fill out their retirement application. The video is available on our website, along with a slide show and text version of the presentation. CD and VHS copies of the presentation have also been made available to employers’ personnel offices.

## **On-Going Projects**

In addition to these new initiatives, ongoing programs enable us to improve our service to members. The following is an update on continuing initiatives and programs.

### **Consultations By Appointment Provide Better Service**

Based on positive feedback from members, we expanded our “appointments only” policy to more of our 16 consultation sites throughout the State. By the end of FY 2004, almost half of our consultation sites required appointments for those who wanted personal consultations. The policy cut down on wait times for members and helped Information Representatives be better prepared, thereby providing more rewarding consultation experiences for members. We also extended the number of days some of the consultation sites were open based on the traffic at certain sites.

### **Automated Information Line (IVR) Enhancements**

The number of members using the IVR line (866-805-0990) continued to increase. During FY 2004, 935,789 calls were placed to the automated menu, up from 864,274 in the previous fiscal year. Of these, 443,543 were relayed to our Call Center, up from 427,878 in the previous fiscal year.

In addition, we continued to expand the services and capabilities of our IVR line. In FY 2004, a menu dedicated to Police and Fire Retirement System members was added, as well as options for those seeking information about the Patriot Plan and new IRS regulations involving our loan program.

A membership information line on the IVR for employers was also launched. It enables employers to dial into the IVR, enter identifying employer and employee information and determine if an employee is already a member of ERS or PFRS. They are given the member’s registration number, date of birth, tier status and contributory rate, if any. Correspondence is then automatically sent to the employer the following day, confirming information provided by the IVR line. Employers can then include current members on monthly reports right away, eliminating the need to submit adjustment forms.

### **E-News – Keeps Members Informed via E-mail**

In FY 2003, we launched an electronic newsletter, E-News, which focused on the latest news for members and employers. By the end of FY 2003, approximately 16,300 members and employers were on the E-News e-mail list. At the end of FY 2004, the mailing list reached 22,628.

E-News has become an important part of how we communicate with members and employers, especially when crucial information must get to members and employers in a timely manner.

### **Website Retirement Benefit Calculator – A Member Favorite**

The Retirement Benefit Calculator continues to be one of our most popular services on our website. It allows members to estimate their pension by entering different retirement dates, service credit and final average salary figures. In FY 1999, there were 11,207 visitors to the calculator; in FY 2004, there were 192,288 hits.

## A Look Ahead

While we continue to improve our existing customer service-focused programs, we look to the future with excitement. Work has already begun on a plan we call “Transforming NYSLRS,” the goal of which is to dramatically improve our service levels. Some of the Transforming NYSLRS programs we are currently working on include:

- A Business Process Redesign program that will improve the way we do business and upgrade the core technologies we rely on to provide better service.
- A web-based self-service program that will enable members and pensioners to access their personal information via the Internet.
- Developing an Employer Partnership plan designed to better understand employers’ needs and provide additional services to make their retirement system-related tasks easier to manage.
- A scanning and imaging project that will speed up our record filing and retrieval process, and decrease our reliance on paper documents.
- Expanding the function of the automated information line to include providing benefit projections for members.
- A pilot webcasting program whereby members will be able to participate in “live” and interactive retirement presentations from their desks, via the Internet.
- Preparing and distributing information kits tailored for those important segments of our membership: new members, established members and those preparing to retire. The kits include booklets and CDs with video and other multi-media content.
- Continuing to survey more and more of our membership on a variety of topics to learn how we can better improve our services and communication with them.

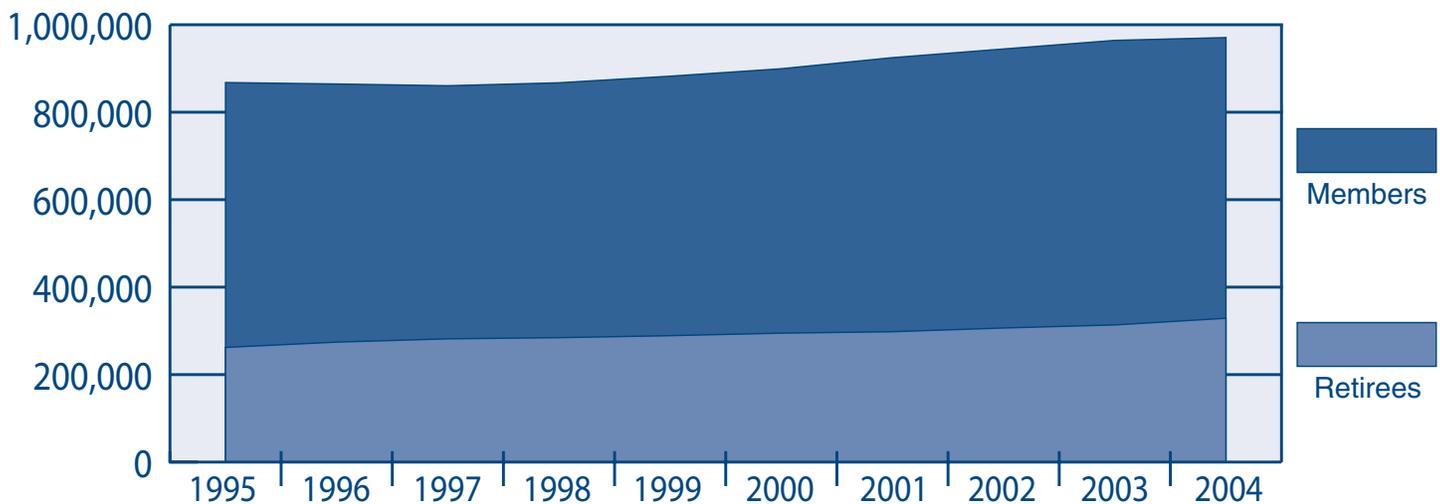
# BY THE NUMBERS

## Members and Retirees

Overall membership in NYSLRS exceeds 970,000. This includes 641,721 members and 328,357 retirees and beneficiaries. Both of these numbers continue to climb, with the number of retirees increasing more quickly than members. For example, in 1990, retirees represented 26 percent of the System's members. In FY 2004, that number rose to approximately 34 percent.

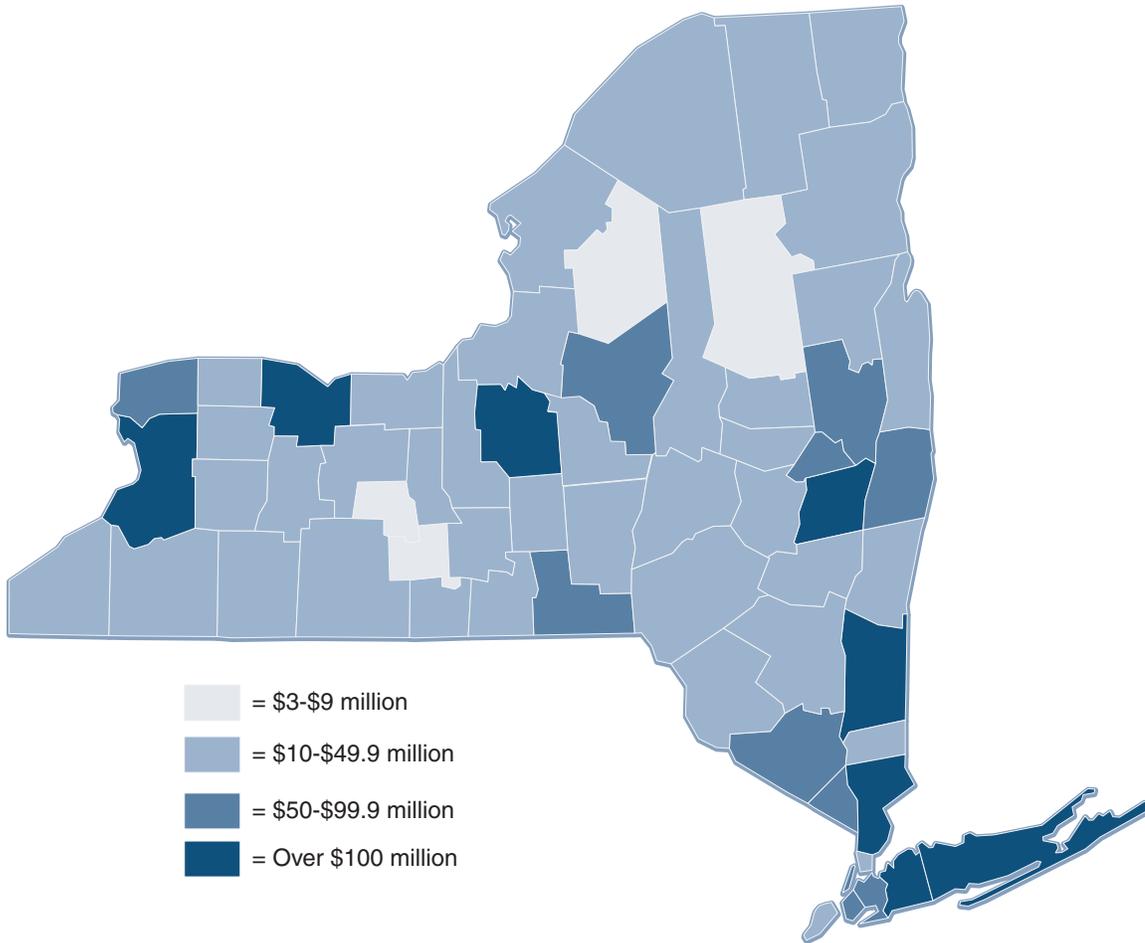
The value of the pension fund's investments at the end of the fiscal year was \$119.2 billion.

Benefit payments continue to rise, reflecting improvements in final average salaries over the past decades, cost of living adjustment (COLA) payments and benefit improvements enacted over the years. For example, in 1994, benefit payments were approaching \$2.4 billion, while this year's payments totaled more than \$5.3 billion.



# RETIREES IN NEW YORK STATE

Of the 328,357 retirees and beneficiaries in the System, 257,302 (78 percent) remain New York State residents. As such, benefit payments approaching \$4.3 billion this year alone reaches the State's communities and businesses, representing the System's greatest impact on the State's economy.



# ANNUAL BENEFIT PAYMENTS

County	Recipients	Annual Payments	County	Recipients	Annual Payments
Albany	14,490	\$267,463,224	Oneida	7,361	106,371,707
Allegany	1,259	14,921,702	Onondaga	9,595	133,822,611
Bronx	2,786	50,280,923	Ontario	2,149	29,124,750
Broome	5,704	73,321,298	Orange	5,887	95,000,281
Cattaraugus	2,574	32,756,619	Orleans	1,013	12,254,000
Cayuga	2,113	30,455,726	Oswego	2,755	35,180,036
Chautauqua	3,382	42,403,726	Otsego	1,636	20,058,008
Chemung	2,528	36,998,175	Putnam	1,450	28,159,490
Chenango	1,344	17,213,114	Queens	5,086	100,706,081
Clinton	2,649	43,811,978	Rensselaer	6,048	109,042,816
Columbia	2,052	32,502,302	Richmond	1,915	38,886,655
Cortland	1,219	15,184,983	Rockland	4,973	89,075,811
Delaware	1,978	28,339,195	St. Lawrence	3,536	48,883,836
Dutchess	6,723	116,545,083	Saratoga	5,926	110,819,628
Erie	21,942	345,401,763	Schenectady	5,917	103,625,898
Essex	1,386	18,548,998	Schoharie	1,082	15,761,833
Franklin	1,733	23,811,219	Schuyler	561	7,198,878
Fulton	1,429	18,290,999	Seneca	1,275	17,678,918
Genesee	1,492	19,419,944	Steuben	2,365	31,828,887
Greene	1,645	26,032,555	Suffolk	25,070	501,115,953
Hamilton	415	5,726,677	Sullivan	1,897	29,525,818
Herkimer	1,690	18,984,960	Tioga	1,045	11,831,839
Jefferson	2,208	30,757,548	Tompkins	2,235	\$35,407,563
Kings	4,318	82,588,364	Ulster	3,600	52,312,744
Lewis	735	7,787,324	Warren	1,196	16,832,180
Livingston	2,126	29,270,874	Washington	1,900	27,371,316
Madison	1,629	21,239,131	Wayne	2,299	28,189,210
Monroe	11,526	164,943,964	Westchester	12,425	235,466,370
Montgomery	1,646	22,412,627	Wyoming	1,326	19,962,706
Nassau	18,601	381,404,276	Yates	606	7,319,962
New York	3,507	75,770,547	NY Military	6	70,532
Niagara	4,338	61,898,318	<b>Total</b>	<b>257,302</b>	<b>\$4,255,374,456</b>

## BENEFIT RECIPIENTS WITHIN THE UNITED STATES

Total dollars for the year ended March 31, 2004

State	Recipients	Annual Payments	State	Recipients	Annual Payments
Alabama	566	\$7,359,998	Nebraska	49	\$406,462
Alaska	41	461,630	Nevada	1,187	20,283,278
Arizona	2,289	32,031,544	New Hampshire	491	7,458,817
Arkansas	119	1,284,345	New Jersey	5,756	135,902,581
California	2,464	25,858,131	New Mexico	389	5,308,312
Colorado	577	7,427,273	New York	257,302	4,255,374,456
Connecticut	1,577	23,030,905	North Carolina	4,888	74,371,599
Delaware	332	5,267,101	North Dakota	11	106,696
Florida	31,375	458,495,764	Ohio	565	5,756,923
Georgia	1,883	25,520,411	Oklahoma	146	1,604,823
Guam	1	2,698	Oregon	216	2,434,019
Hawaii	99	1,724,194	Pennsylvania	3,067	44,764,716
Idaho	69	830,114	Puerto Rico	439	4,632,008
Illinois	240	2,586,121	Rhode Island	187	2,305,871
Indiana	213	2,302,416	South Carolina	2,650	41,755,269
Iowa	45	289,890	South Dakota	35	466,408
Kansas	82	737,543	Tennessee	756	10,345,620
Kentucky	227	2,750,665	Texas	1,259	14,594,121
Louisiana	161	2,004,384	Utah	101	1,030,274
Maine	486	6,409,466	Vermont	491	7,204,265
Maryland	1,118	14,617,888	Virginia	2,912	41,242,013
Massachusetts	1,262	16,426,647	Washington	323	3,950,500
Michigan	329	3,305,904	Washington, D.C.	93	1,022,474
Minnesota	129	1,502,589	West Virginia	145	1,953,408
Mississippi	147	1,851,450	Wisconsin	114	1,203,867
Missouri	232	2,525,606	Wyoming	49	775,672
Montana	81	1,143,129			

## BENEFIT RECIPIENTS OUTSIDE THE UNITED STATES

For the year ended March 31, 2004

Total Recipients	Total Annual Payments
643	\$6,868,327

We are...





working to  
build strong  
partnerships  
with our  
employers



**Financial Section**

## INDEPENDENT AUDITORS' REPORT

Trustee  
New York State and Local Retirement System:

We have audited the accompanying statement of plan net assets of the New York State and Local Retirement System (the "System") as of March 31, 2004, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the plan net assets of the System as of March 31, 2004, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and 2004 and 2003 Required Supplementary Information as listed in the foregoing Table of Contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 2004 and 2003 supplementary information. However, we did not audit the information and do not express an opinion on it. The Required Supplementary Information for the years ended March 31, 1999 through 2002 were reported on by other auditors whose report stated that they did not audit this information and did not express an opinion on it.

The introduction, investment, actuarial and statistical sections of this report have not been subjected to the auditing procedures applied in our audit of the 2004 basic financial statements and, accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

July 7, 2004

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following overview of the financial activity of the New York State and Local Retirement System (the "System") for the fiscal year ended March 31, 2004 is intended to provide the reader with an analysis of the System's overall financial position. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the basic financial statements of the System which follow.

## Financial Highlights

- The net assets of the System held in trust to pay pension benefits were \$120,799 million as of March 31, 2004. This amount reflects an increase of \$23,426 million from the prior fiscal year. This change is primarily the result of the net appreciation of the fair value of the investment portfolio.
- The System's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings.

## Overview of the Financial Statements

The financial statements consist of the statement of plan net assets, statement of changes in plan net assets, and the notes to the financial statements. The required supplementary information that appears after the notes to the financial statements are not a required part of the financial statements but present supplementary information required by the Government Accounting Standards Board.

The statement of plan net assets includes information about the System's assets, liabilities and net assets as of the close of the System's fiscal year. This statement provides information about the fair value and composition of net assets.

The statement of changes in plan net assets presents the changes to the System's net assets for the fiscal year including investment income and appreciation from the investment portfolio and contributions from members and employers. Benefits paid and administrative expenses paid by the System are included under the deductions section of the statement.

The notes to the financial statements and the required supplementary information are an integral part of the basic financial statements and provide additional information about the Plans of the System, significant accounting policies and contributions and reserves to the System.

The required supplementary schedules include information about the aggregate actuarial funding method, which is utilized by the System to maintain a fully funded System, the cost of living adjustment made available to pensioners and significant actuarial assumptions used to determine employer contributions. In addition, the funding progress, with the actual employer contributions for the previous six years, is reported.

## Analysis of Overall Financial Position of the System

The purpose of the System's investments is to provide for the long-term growth, while also insuring a reliable cash flow that meets the funding requirements of the near-term pension obligation. To achieve these goals, the investments are efficiently allocated to a variety of asset types and strategies so that they meet the current funding needs and future growth requirements of the pension liability. Equity investments are included for their long-term return and growth characteristics, while fixed income assets are added to the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirements of the pension payments.

Statement of Plan Net Assets as of March 31, 2004 as compared to March 31, 2003 follows:

(In thousands)				
	2004	2003	Dollar Change	Percentage Change
<b>Assets:</b>				
Investments	\$119,245,006	\$95,598,305	\$23,646,701	24.7%
Securities lending collateral, invested	14,846,332	9,037,112	5,809,220	64.3%
Receivables and other assets	<u>2,350,290</u>	<u>2,578,299</u>	<u>(228,009)</u>	(8.8)%
Total assets	<u>136,441,628</u>	<u>107,213,716</u>	<u>29,227,912</u>	27.3%
<b>Liabilities:</b>				
Securities lending collateral, due	14,846,332	9,037,112	5,809,220	64.3%
Other liabilities	<u>796,290</u>	<u>803,935</u>	<u>(7,645)</u>	(1.0)%
Total liabilities	<u>15,642,622</u>	<u>9,841,047</u>	<u>5,801,575</u>	59.0%
Net assets held in trust for pension benefits	<u>\$120,799,006</u>	<u>\$97,372,669</u>	<u>\$23,426,337</u>	24.1 %

The plan net assets of the System totaled \$120,799 million as of March 31, 2004, an increase of \$23,426 million from the prior fiscal year.

The table below shows the detail of the invested assets portion of all plan assets. These invested assets totaled \$119,245 million as of March 31, 2004.

(In thousands)				
Investment Category	2004	2003	Dollar Change	Percentage Change
Short-term investments	\$1,879,098	\$771,160	\$1,107,938	143.7%
Government bonds	19,922,443	21,732,943	(1,810,500)	(8.3)%
Corporate bonds	9,768,784	10,286,738	(517,954)	(5.0)%
Domestic stocks	59,265,786	41,566,093	17,699,693	42.6%
International stocks	15,610,652	9,790,937	5,819,715	59.4%
Alternative investments	6,738,800	5,564,864	1,173,936	21.1%
Real property	4,529,429	4,161,973	367,456	8.8%
Mortgage loans	<u>1,530,014</u>	<u>1,723,597</u>	<u>(193,583)</u>	(11.2)%
Total investments	<u>\$119,245,006</u>	<u>\$95,598,305</u>	<u>\$23,646,701</u>	24.7%

The largest contributor to the dollar increase in invested assets of \$23,647 million was the domestic equity assets, which represented approximately 50% of the total investments and increased \$17,700 million from the previous fiscal year. International equity assets also contributed to the increase. Representing approximately 13% of the total investments, international equity assets increased \$5,820 million from the previous fiscal year. The increase in these assets is primarily attributable to the positive performance in world equity markets.

Statement of Changes in Plan Net Assets for the year ending March 31, 2004 as compared to year ending March 31, 2003 follows:

(In thousands)				
	2004	2003	Dollar Change	Percentage Change
<b>Additions:</b>				
Net investment income (loss)	\$27,334,752	\$(11,235,815)	\$38,570,567	343.3 %
Total contributions	<u>1,585,474</u>	<u>980,853</u>	<u>604,621</u>	61.6 %
Net additions	<u>28,920,226</u>	<u>(10,254,962)</u>	<u>39,175,188</u>	382.0 %
<b>Deductions:</b>				
Total benefits paid	(5,424,277)	(5,029,766)	(394,511)	7.8 %
Administrative expenses	<u>(69,612)</u>	<u>(67,496)</u>	<u>(2,116)</u>	3.1 %
Net deductions	<u>(5,493,889)</u>	<u>(5,097,262)</u>	<u>(396,627)</u>	7.8 %
Net increase (decrease)	23,426,337	(15,352,224)	38,778,561	252.6 %
Net assets held in trust for pension benefits, beginning of year	<u>97,372,669</u>	<u>112,724,893</u>	<u>(15,352,224)</u>	(13.6)%
Net assets held in trust for pension benefits, end of year	<u>\$120,799,006</u>	<u>\$97,372,669</u>	<u>\$23,426,337</u>	24.1 %

The increase in net investment income is due to the positive performance in domestic and international equities.

The increase in total contributions is primarily due to Chapter 49 of the Laws of 2003, which required employers to contribute 4.5% of payroll.

The increase in total benefits paid is due to additional retirees as a result of the retirement incentive program and the annual cost of living adjustment to benefits paid.

## Economic Factors and Rates

As displayed by the tables and related narrative discussion, during the System's 2003-2004 fiscal year, investments (particularly those in the equity category) increased as a result of economic and market conditions. The Common Retirement Fund experienced significant, positive returns for the year with a total return of 28.83%. This year's investment performance reflects economic growth and rising corporate profitability around the globe. The Fund's performance also benefited from the broad-based rally in the world's equity markets. The domestic equity portfolio returned 39.1% for the year; while the Fund's international equity holdings returned 57.68%. The fixed income portfolio, which represents approximately 28% of the Fund's total assets and provides the cash required by the pension payments, returned 8.88% for the year.

The private equity and real estate portfolios also experienced positive returns. They returned 21.11% and 26.04% respectively.

Employer contribution rates, beginning in fiscal year 2004, were significantly influenced by enacted legislation. On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the System:

- Required minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changed the cycle of annual billing such that the contribution for a given fiscal year is based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g., billings due December of 2004 are based on the pension fund value as of April 1, 2003).

## Requests for Information

- This financial report is designed to provide a general overview of the New York State and Local Retirement System finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the New York State and Local Retirement System, 110 State Street, Albany, New York 12236-0001.

# STATEMENT OF PLAN NET ASSETS – MARCH 31, 2004

	(In Thousands)		
ASSETS	Employees' Retirement System	Police and Fire Retirement System	Total
INVESTMENTS:			
Short Term Investments	\$1,592,897	\$286,201	\$1,879,098
Government bonds	16,888,103	3,034,340	19,922,443
Corporate bonds	8,280,924	1,487,860	9,768,784
Domestic stocks	50,239,156	9,026,630	59,265,786
International stocks	13,233,031	2,377,621	15,610,652
Alternative Investments	5,712,429	1,026,371	6,738,800
Real Property Owned	3,839,562	689,867	4,529,429
Mortgage loans	<u>1,296,981</u>	<u>233,033</u>	<u>1,530,014</u>
Total Investments	<u>101,083,083</u>	<u>18,161,923</u>	<u>119,245,006</u>
SECURITIES LENDING COLLATERAL—Invested	12,585,123	2,261,209	14,846,332
FORWARD FOREIGN EXCHANGE CONTRACTS	198,615	35,686	234,301
RECEIVABLES:			
Employers' Contributions	340,758	58,213	398,971
Employees' Contributions	16,533	78	16,611
Employees' Loans	930,805	1,370	932,175
Accrued Interest and Dividends	377,667	67,857	445,524
Investment Sales	193,286	34,728	228,014
Other	<u>29,727</u>	<u>27,019</u>	<u>56,746</u>
Total Receivables	<u>1,888,776</u>	<u>189,265</u>	<u>2,078,041</u>
OTHER ASSETS	<u>32,168</u>	<u>5,780</u>	<u>37,948</u>
Total Assets	115,787,765	20,653,863	136,441,628
LIABILITIES:			
Securities lending collateral, due to borrowers	12,585,123	2,261,209	14,846,332
Forward Foreign Exchange Contracts	199,596	35,862	235,458
Investment Purchases	178,352	32,045	210,397
Benefits Payable	88,007	28,218	116,225
Other Liabilities	<u>209,806</u>	<u>24,404</u>	<u>234,210</u>
Total Liabilities	<u>13,260,884</u>	<u>2,381,738</u>	<u>15,642,622</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$102,526,881</u>	<u>\$18,272,125</u>	<u>\$120,799,006</u>

See notes to financial statements

# STATEMENT OF CHANGES IN PLAN NET ASSETS – YEAR ENDED MARCH 31, 2004

	(In Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
<b>ADDITIONS:</b>			
Investment income:			
Net appreciation in fair value of investments	\$20,566,540	\$3,713,277	\$24,279,817
Interest income	1,249,385	225,567	1,474,952
Dividend income	863,002	155,808	1,018,810
Security lending income	103,405	18,669	122,074
Other income	<u>582,178</u>	<u>105,108</u>	<u>687,286</u>
	23,364,510	4,218,429	27,582,939
Less security lending expenses	(87,524)	(15,802)	(103,326)
Less investment expenses	<u>(122,707)</u>	<u>(22,154)</u>	<u>(144,861)</u>
Net investment income	<u>23,154,279</u>	<u>4,180,473</u>	<u>27,334,752</u>
Contributions:			
Employers	1,125,520	160,935	1,286,455
Employees	217,335	4,536	221,871
Interest on accounts receivable	19,911	619	20,530
Other	<u>51,919</u>	<u>4,699</u>	<u>56,618</u>
Total contributions	<u>1,414,685</u>	<u>170,789</u>	<u>1,585,474</u>
Total additions	<u>24,568,964</u>	<u>4,351,262</u>	<u>28,920,226</u>
<b>DEDUCTIONS:</b>			
Benefits paid:			
Retirement allowances	(4,313,639)	(876,508)	(5,190,147)
Death benefits	(149,473)	(7,841)	(157,314)
Other	<u>(73,167)</u>	<u>(3,649)</u>	<u>(76,816)</u>
Total benefits paid	(4,536,279)	(887,998)	(5,424,277)
Administrative expenses	<u>(61,129)</u>	<u>(8,483)</u>	<u>(69,612)</u>
Total deductions	<u>(4,597,408)</u>	<u>(896,481)</u>	<u>(5,493,889)</u>
NET INCREASE	19,971,556	3,454,781	23,426,337
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year	<u>82,555,325</u>	<u>14,817,344</u>	<u>97,372,669</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year	<u>\$102,526,881</u>	<u>\$18,272,125</u>	<u>\$120,799,006</u>

See notes to financial statements

# NOTES TO FINANCIAL STATEMENTS – YEAR ENDED MARCH 31, 2004

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## 1. Description of Plans

The Comptroller of the State of New York serves as sole trustee of the Common Retirement Fund (the “Fund”) and administrative head of the New York State and Local Employees’ Retirement System (“ERS”), the New York State and Local Police and Fire Retirement System (“PFRS”), and the Public Employees’ Group Life Insurance Plan (“GLIP”). GLIP provides death benefits in the form of life insurance. These entities are collectively referred to as the New York State and Local Retirement System (the “System”). All net assets of the System are held in the Common Retirement Fund (the “Fund”) which was established to hold all net assets and changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

System benefits are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed by the State Constitution. Once a public employer elects to participate in the System, the election is irrevocable. The System cannot be terminated and plan benefits cannot be diminished or impaired. Benefits can be reduced for future members only by an act of the State Legislature.

Generally, members of the System are employees of New York State (the “State”) and employees of its municipalities, other than New York City. Employees of non-State participating employers constituted approximately 63% for ERS and 84% for PFRS of the April 1, 2003 System membership.

The ERS and the PFRS are cost-sharing multiple-employer defined benefit pension plans. At March 31, 2004, there were 2,985 participating government employers in the System, including the State.

The number of members and benefit recipients as of April 1, 2003, the date of the most recent actuarial valuation, were:

	ERS	PFRS	Total
Retirees and beneficiaries currently receiving benefits	287,341	26,256	313,597
Inactive members vested	62,047	2,031	64,078
Active members	<u>552,508</u>	<u>33,957</u>	<u>586,465</u>
	<u>901,896</u>	<u>62,244</u>	<u>964,140</u>

Membership, benefits, and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law and are outlined as follows:

**Membership Tiers**—Pension legislation enacted in 1973, 1976, and 1983 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

Tier 1—Those persons who last became members of the ERS before July 1, 1973 or PFRS before July 31, 1973.

Tier 2—The ERS – those persons who last became members on or after July 1, 1973, but before July 27, 1976; or PFRS – those persons who became members on or after July 31, 1973.

Tier 3—The ERS – generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4—The ERS – generally, except for correction officers, those persons who last became members on or after September 1, 1983.

**Vesting**—Members with 5 years or more of service are 100% vested.

**Benefits**—

(1) Tier 1 and Tier 2

Most Tier 1 and Tier 2 members are on a plan with minimum retirement age of 55, which provides for 1.67% of final average salary for each year of service less than 20 years. Generally, the benefit with more than 20 years is 2% of final average salary for each year of service. Tier 2 members retiring between ages 55 to age 62, with less than 30 years of service receive reduced

benefits. As a result of Article 19 of the Retirement and Social Security Law, eligible Tier 1 and Tier 2 members, whose date of membership is prior to July 27, 1976, will receive an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 months.

(2) Tier 3 and Tier 4

Except for Tier 3 correction officers, generally the benefit is 1.67% of final average salary for each year of service if the service is less than 20 years. For 20 to 30 years service, the benefit is 2% of final average salary. An additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. A member must be age 62 with 5 years of service or at least age 55 with 30 years service to retire with full benefits. Reduced retirement benefits are available if retirement occurs from age 55 to 62.

(3) Special Plans

The 25 Year Plans allow a retirement after 25 years of service of one-half of final average salary and the 20 Year Plans allow a retirement after 20 years of service of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

(4) Ordinary Disability Benefits

Generally, ordinary disability benefits, usually 1/3 of salary, are provided after 10 years of service; in some cases, after 5 years.

#### (5) Accidental Disability Benefits

For all eligible Tier 1 members and Tier 2 ERS members, the benefit is a pension of 75% of final average salary with offset for any worker's compensation benefits received. For Tier 1 and Tier 2 PFRS members, the benefit is a pension of 75% of final average salary with offset for any worker's compensation benefits received. The Tier 3 and Tier 4 ERS benefit is the ordinary benefit with the years of service eligibility requirement dropped.

#### (6) Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times salary. For most members there is also a reduced post-retirement death benefit.

#### (7) Post-retirement Benefit Increases

A cost of living adjustment is provided to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners regardless of age who have been retired for five years; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for five years. This cost of living adjustment is a percentage of the annual retirement allowance of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement allowance. The cost of living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor.

shown on the financial statements are allocated between ERS and PFRS based on each system's equity in the Common Retirement Fund.

**Adoption of New Accounting Standards**—During the year ended March 31, 2004, the System adopted Government Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No.3)* ("GASB 40"). The adoption of GASB 40 required the System to include a presentation of Deposit and Investment Risk Disclosures. The adoption of GASB 40 did not have an impact on the System's financial statements.

**Investments**—Investments are reported at fair value. Stocks traded on a national or international exchange are reported at market value at current exchange rates. Bonds are primarily reported at market values obtained from independent pricing services. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals made every three years or according to the fund agreement. Investments that do not have an established market are reported at estimated fair value. The Fund trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates.

**Securities Lending**—Section 177-D of the New York State Retirement and Social Security Law authorizes the Fund to enter into security loan agreements with broker/dealers and New York State or national banks. The Fund has designated its master custodian bank to manage a securities lending program. This program is subject to a written contract between the Fund and the Custodian who acts as Security Lending Agent for the Fund. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the Fund. Types of collateral received from borrowers for securities loaned are cash and government securities. The Custodian is authorized to invest the cash collateral in short-term investments that are legal for the Fund. These include domestic corporate and bank notes, U.S. Treasuries, obligations of federal

## 2. Summary of Significant Accounting Policies

**Basis of Accounting**—The accompanying financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred. Employer contributions are recognized when billed. The amounts

agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower except in the event of default. The Fund has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2004 or in the history of the program.

The Fund lends domestic fixed income, domestic equity, and international equity securities to brokers/dealers approved by the Fund. Collateral for securities loaned equals 102% of fair market value for domestic securities and 105% for international securities. Investment guidelines provided to the Custodian by the Fund minimize the risk that the cash collateral could be invested in securities which may default. The Custodian acknowledges responsibility to reimburse the Fund for losses, which might arise from managing the program in a manner inconsistent with the contract. The Fund manages its credit risk by recording investments at market value daily and maintaining the value of the collateral held by the Fund in excess of the value of the securities loaned. At March 31, 2004, the Fund had no credit risk resulting from Securities Lending.

All security loans can be terminated on demand by either the Fund or borrower. The average term of the open security loans is one day while the overall average term to maturity of invested collateral for the Fund's open loans is 14 days. To provide sufficient liquidity, the policy of the Fund is to maintain a minimum of 10% of collateral in overnight investments.

**Member Loan Programs**—Members are entitled to participate in a loan program that allows them to borrow up to 75% of their member contributions. Repayment of outstanding amounts is generally made through payroll deductions within five years. The interest rate charged for member loans is fixed at 1% below the actuarial interest rate at the time the loan is granted. The current loan rate as of March 31, 2004 was 7%.

**Benefits Payable**—Benefits payable represent payments due on account of death and retirement on or before March 31, 2004, for which final calculations had not been completed and paid as of that date.

**Other Liabilities**—Other liabilities include a cash managed balance maintained on a daily basis, which represents disbursements issued on previous business days, which are funded when presented for payment at the issuing bank.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

### 3. Deposit and Investment Risk Disclosure

**Custodial Credit Risk**—Equity and fixed income investments owned directly by the Fund are held at the Fund's custodian in the name of the Comptroller of the State of New York in Trust for the Common Retirement Fund. Directly held investments include: short term and long term fixed income, and domestic and global equity separately managed accounts. The aforementioned investments have the lowest custodial risk. Equity investments held indirectly by the Fund via limited partnerships, commingled investment funds, joint ventures and other similar vehicles are held in custody by an organization contracted with by the general partner and/or the investment management firm responsible for the management of each investment organization. Title to real property is either held by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the Fund's holding of original mortgage and note documents by the Office of the State Comptroller ("OSC"), Division of Pension Investment and Public Finance.

The following table summarizes the custody of investments for the Fund (in thousands):

Asset Type	March 31, 2004		Asset Type as a Percent	Custodian
	Market Value	Fund Total		
Short Term Investments	\$1,879,098	\$1,879,098	1.6 %	Held in the name of the Fund by the Fund's custodian bank.
Government Bonds	19,922,443	19,922,443	16.7 %	Held in the name of the Fund by the Fund's custodian bank.
Corporate Bonds	9,768,784	9,768,784	8.2 %	Held in the name of the Fund by the Fund's custodian bank.
Domestic Stocks	52,770,607		44.3 %	Held in the name of the Fund by the Fund's custodian bank.
Commingled Domestic Stocks	6,495,179		5.4 %	Custody arrangements contracted by fund managers.
Total Domestic Stocks		59,265,786		
International Stocks	8,319,193		7.0 %	Held in the name of the Fund by the Fund's custodian bank.
Commingled International Stocks	7,291,459		6.1 %	Custody arrangements contracted by fund managers.
Total International Stocks		15,610,652		
Alternative Investments	6,738,800	6,738,800	5.6 %	Custody arrangements contracted by General Partners.
Separate Account Real Estate	3,595,304		3.0 %	Title to real estate held in the name of real estate holding entity.
Real Estate Funds	934,125		0.8 %	Title to real estate held as directed by fund manager.
Total Real Property Owned		4,529,429		
Mortgage Loans	<u>1,530,014</u>	<u>1,530,014</u>	<u>1.3 %</u>	Ownership established by legal documents for each mortgage.
<b>Total</b>	<b>\$119,245,006</b>	<b>\$119,245,006</b>	<b>100.0 %</b>	

**Interest Rate Risk**—As of March 31, 2004, the weighted-average maturity of the bond’s cash flows or the “Macaulay Duration” by bond type are as follows:

<b>Bond Category</b>	<b>Duration (In Years)</b>	<b>Percentage of Bond Portfolio</b>
Treasury	8.4	26.1 %
TIPS	14.8	28.7 %
Agency	4.9	6.6 %
Mortgage	3.3	9.7 %
Corporate	7.1	27.9 %
Asset backed	4.7	1.0 %
Total	9.1	100.0 %

**Credit Risk**—New York State Statutes and the System’s investment policies require that corporate fixed income obligations must be investment grade at the time of their acquisition. Long-term bond ratings as of March 31, 2004 are as follows (in thousands):

	<b>Market Value</b>	<b>Moody’s Rating</b>	<b>Percentage of Bond Portfolio</b>
U.S. Treasury bonds	\$4,518,240	Not Rated*	15.2 %
U.S. Treasury notes	53,482	Not Rated*	0.2 %
U.S. Treasury strips	3,183,063	Not Rated*	10.7 %
Treasury inflation indexed securities	8,518,563	Not Rated*	28.7 %
Federal Agency MBS	1,617,680	Not Rated***	5.4 %
Asset backed securities	292,523	Aaa	1.0 %
Federal Agency bonds	1,314,379	Aaa	4.4 %
Federal Agency bonds	45,420	Aa2	0.2 %
Federal Agency strips	478,454	Aaa	1.6 %
Federal Agency strips	143,996	Aa	0.5 %
Commercial mortgage backed securities	1,128,132	Aaa	3.8 %
Federal Agency guaranteed MBS	49,165	Not Rated***	0.2 %
NYS housing development corporation bonds	4,751	Not Rated	0.0 %
NYS MPT—SONYMA	24,849	Not Rated**	0.1 %
NYS conventional mortgage ptc	65,900	Not Rated**	0.2 %
Yankee bonds	302,563	Aaa	1.0 %
Yankee bonds	301,790	Aa	1.0 %
Yankee bonds	686,488	A	2.3 %
Yankee bonds	171,109	Baa	0.6 %
Yankee bonds	50,000	Not Rated	0.2 %
Corporate debentures	386,527	Aaa	1.3 %
Corporate debentures	1,335,641	Aa	4.5 %
Corporate debentures	3,230,811	A	10.9 %
Corporate debentures	1,607,900	Baa	5.4 %
Corporate debentures	55,675	Ba	0.2 %
Corporate debentures	38,700	B	0.1 %
Corporate debentures	75,505	Caa	0.3 %
Corporate debentures	9,921	Not Rated	0.0 %
Total	<u>\$29,691,227</u>		<u>100.0 %</u>

Notes:

\* U.S. Treasury Bonds, Notes, Strips and Inflation Indexed Securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore are not considered to have credit risk.

\*\* These securities were rated Aa or higher when purchased.

\*\*\* These securities are not individually rated. The U.S. government sponsored enterprises which issued and guarantees these securities are rated Aaa.

**Concentration of Credit Risk**—Section 177 of the New York State Retirement and Social Security Law establishes limits for the various investments held by the Fund. No investments in any one organization represent 5% of Fund net assets.

**Foreign Currency Risk**—The System’s investment policies permit it to invest up to 15 percent of its assets in publicly traded international equity investments. The System’s current position in such equity securities, invested in directly and through commingled funds, is 13.3 percent of invested assets.

Non-U.S. Dollar denominated equity investments at March 31, 2004 are as follows (in thousands):

<b>Currency</b>	<b>Market Value</b>
Euro	\$2,648,034
British Sterling Pound	1,805,398
Japanese Yen	1,786,717
Swiss Franc	613,046
Australian Dollar	279,254
Hong Kong Dollar	231,886
Swedish Krona	215,055
Canadian Dollar	83,250
Singapore Dollar	73,494
Norwegian Krone	55,690
South Korean Won	49,354
Danish Krone	38,799
South African Rand	36,372
New Zealand Dollar	29,346
Brazilian Real	24,471
Indian Rupee	16,737
Thailand Baht	15,240
Malaysian Ringgitt	13,597
Turkish Lira	13,251
Philippine Peso	12,202
Mexican Peso	12,057
Other	<u>24,345</u>
	8,077,595
U.S. Dollar traded shares of foreign based companies	<u>497,902</u>
Investments in publicly traded equity securities of non-U.S. based corporations:	<u>\$8,575,497</u>
Commingled international equity investments (funds that invest in non-U.S. Dollar denominated equity securities)	<u>\$7,291,459</u>

Foreign denominated deposits included in the statement of plan net assets at March 31, 2004 are as follows (in thousands):

British Sterling Pound	\$8,868
Hong Kong Dollar	3,598
South African Rand	2,130
Japanese Yen	2,014
Euro	1,428
Australian Dollar	223
Danish Krone	149
Swiss Franc	92
Canadian Dollar	52
Venezuelan Bolivar	40
Singapore Dollar	35
Indian Rupee	32
Thailand Baht	31
Malaysian Ringgitt	30
Other	<u>35</u>
Total	<u>\$18,757</u>

Forward foreign currency contracts to purchase foreign currency entered into by the System as of March 31, 2004 are as follows (in thousands):

U.S. Dollar	\$94,061
Euro	1,386
Australian Dollar	(51)
Swedish Krona	(235)
Japanese Yen	(799)
Norwegian Krone	(801)
Thailand Baht	(1,732)
Canadian Dollar	(10,993)
British Sterling Pound	<u>(81,993)</u>
Net	<u>\$(1,157)</u>

Note: For non-U.S. dollar currencies, a positive number represents market value of currency contracts to purchase foreign currency in excess of the market value currency contracts to purchase U.S. dollars with that currency. A negative number therefore represents the market value of contracts to sell foreign currency in excess of contracts to purchase that currency with U.S. dollars. The positive number for U.S. dollars represents the amount the market value of contracts to sell U.S. dollars to purchase foreign currency exceeds the value of contracts to purchase U.S. dollars by selling foreign currency.

The System classifies as forward contracts those currency contracts for which the settlement date is more than two days after trade date.

Spot currency contracts to purchase foreign currency entered into by the System as of March 31, 2004 are as follows (in thousands):

Euro	\$9,786
Japanese Yen	8,639
Danish Krone	2,076
Australian Dollar	1,881
Swiss Franc	1,297
Swedish Krona	(116)
Canadian Dollar	(145)
Hong Kong Dollar	(1,819)
South African Rand	(1,868)
British Sterling Pound	(2,195)
Thailand Baht	(6,943)
U.S. Dollar	<u>(10,450)</u>
Net	<u>\$143</u>

Note: For non-U.S. dollar currencies, a positive number represents market value of currency contracts to purchase foreign currency in excess of the market value currency contracts to purchase U.S. dollars with that currency. A negative number therefore represents the market value of contracts to sell foreign currency in excess of contracts to purchase that currency with U.S. dollars. The positive number for U.S. dollars represents the amount the market value of contracts to sell U.S. dollars to purchase foreign currency exceeds the value of contracts to purchase U.S. dollars by selling foreign currency.

Agreements to purchase or sell foreign currency which settle in two days or less, are recorded by the System as direct purchases of currency. As such, no currency gains or losses are recognized related to the change in the foreign exchange spot rates during the settlement period for these transactions.

Foreign denominated alternative investments and real property owned included in the statement of plan net assets as of March 31, 2004 are as follows (in thousands):

<b>Alternative Investment Limited Partnership:</b>	
Total alternative investment limited partnerships	<u>\$6,738,800</u>
Alternative investment limited partnerships reporting with non-U.S. Dollar financial statements:	
Euro	\$516,192
British Sterling Pound	<u>82,693</u>
	598,885
Approximate market value of non-U.S. Dollar investments reported in U.S. Dollar based financial statements	<u>1,113,336</u>
Total approximate market value of alternative investments limited partnerships investments in non-U.S. Dollar based companies	<u>\$1,712,221</u>
Approximate percentage of alternative investment limited partnership investments domiciled outside of the United States	<u>25.4 %</u>

<b>Real Property Owned:</b>	
Total market value of real property owned	<u>\$4,529,429</u>
Approximate U.S. Dollar market value of real property owned made outside the United States	<u>\$154,961</u>
Approximate percentage of total real property owned made or located outside the United States	<u>3.4 %</u>

<b>Total Portfolio Summary:</b>	
Market value of all investments plus net forward currency contracts	<u>\$119,243,849</u>
Approximate total investments made outside the United States	<u>\$17,751,881</u>

## 4. Contributions

**Contributions Required**—Participating employers are required under the New York State Retirement and Social Security Law to contribute annually to the System.

**Funding Policy**—The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the New York State Retirement and Social Security Law. The aggregate actuarial funding method is used by the System.

Generally, participating employers that have adopted the same benefit plans contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, GLIP, and supplemental benefits. GLIP is a

one-year term insurance plan. Consequently the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 17-year amortization and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The average employer contribution rates below exclude certain contributions such as the 17-year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2004 was approximately 5.8% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2004, including incentive contributions, was approximately 5.9% of payroll.

Changes to employer contribution requirements during the year ended March 31, 2004 were as follows:

- Required minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changed the cycle of annual billing such that the contribution for a given fiscal year is based on the value of the pension fund on the prior April 1<sup>st</sup> (e.g., billings due December of 2004 are based on the pension fund value as of April 1, 2003).

**Required Contribution Rates**—Tier 3 and 4 members must contribute 3% of their salary. As a result of Article 19, of the New York State Retirement and Social Security Law, eligible Tier 3 and Tier 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Less than 1% of other members are contributory. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

**Retirement Incentives**—During each of the fiscal years 2000 and 2002, early retirement incentives were offered to members of the System. Employers were allowed to pay the cost immediately or amortize it over 5 years.

**Contributions Receivable**—Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers.

Incentive program costs receivable from New York State as of March 31, 2004 totaled \$196 million. In addition, receivable amounts from participating employers include \$94 million for the incentive program and \$76 million for new plan adoptions and past service cost.

Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. With regards to the above receivables, for fiscal year ended March 31, 2004, the applicable interest rate was 8%. Interest on amounts amortized over a fixed number of years remains at the fixed rate in effect at the time the payment schedule was established.

## 5. System Reserves

The legally required reserves maintained by the System are fully funded and are described below:

- Pension Reserve Funds—The funds from which pensions are paid, totaled \$37,669 million for ERS and \$7,673 million for PFRS, as of March 31, 2004.
- Annuity Reserve Funds—The fund from which member contribution annuities are paid. The balance at March 31, 2004 for ERS was \$184 million and \$17 million for PFRS.

There are certain other additional funds maintained by the System.

## 6. Contingencies

The System is a defendant in litigation involving individual benefit payments, participant eligibility and other issues arising from its normal activities. Management of the System believes there will be no material adverse effect on the basic financial statements as a result of the outcome of these matters.

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of Funding Progress – Year Ended March 31, 2004 (Unaudited)

The System uses the aggregate actuarial funding method that does not identify or separately amortize unfunded actuarial liabilities, therefore no schedule of funding progress is provided. The average employer contribution rates below exclude certain contributions such as the 17-year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2004 was approximately 5.8% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2004, including incentive contributions, was approximately 5.9% of payroll.

Section 78 of the New York State Retirement and Social Security Law provides for a cost of living adjustment to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners regardless of age who have been retired for five years; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for five years. This cost of living adjustment is a percentage of the annual retirement allowance of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement allowance. The cost of living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor.

Significant actuarial assumptions used in the April 1, 2002 valuation to determine employer contributions for the year ended March 31, 2004 were:

Interest rate		8%
Salary scale	ERS	5.9%
	PFRS	6.9%
Decrement tables	4/1/95-3/31/00 System' experience	
Inflation rate		3.0%

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. All other investments use a five-year moving average of market values method assuming a 7% rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. It treats realized and unrealized gains (or losses) in the same manner.

## Schedule of Employer Contributions

(UNAUDITED) (In Thousands)

<b>Employees' Retirement System Employer Contributions</b>				
<b>Annual Required Contributions</b>				
<b>Year ended March 31</b>	<b>New York State</b>	<b>Local Employers</b>	<b>Total</b>	<b>Percentage Contribution</b>
1999	\$41,468	\$193,202	\$234,670	100%
2000	7,568	74,546	82,114	100%
2001	14,443	111,331	125,774	100%
2002	57,462	196,951	254,413	100%
2003	265,662	317,555	583,217	100%
2004	435,404	690,116	1,125,520	100%

For fiscal year ended March 31, 2002, the Annual Required Contributions (ARC) exceeded the Employers' Contributions as shown on the statement of Changes in Plan Net Assets due to a prior year adjustment.

<b>Police and Fire Retirement System Employer Contributions</b>				
<b>Annual Required Contributions</b>				
<b>Year ended March 31</b>	<b>New York State</b>	<b>Local Employers</b>	<b>Total</b>	<b>Percentage Contribution</b>
1999	\$1,056	\$50,956	\$52,012	100%
2000	308	49,387	49,695	100%
2001	1	38,339	38,340	100%
2002	304	35,464	35,768	100%
2003	8,712	60,002	68,714	100%
2004	\$19,391	\$141,544	\$160,935	100%

The ARC includes the employers' normal cost, the GLIP amounts, and other supplemental amounts amortized over the collection period. In addition, due to statutory contribution provisions, State contributions may vary from the ARC to allow for under/over payment of amounts for a one year period.

We are...



A woman with long blonde hair and a young girl with dark hair and white bows are sitting on a wooden floor. They are both wearing light-colored, short-sleeved shirts. They appear to be playing with colorful blocks or toys. The woman is looking down at the girl, who is also looking down at the toys. The scene is brightly lit, suggesting an indoor setting with natural light.

keeping the  
Common  
Retirement Fund  
strong and secure



## Investment Section

## Overall Objectives and Performance

The Division of Pension Investment and Cash Management manages the assets of the Common Retirement Fund. Its goal is to grow the assets to meet the System's pension liability and ensure a reliable cash flow that provides for the funding requirements of near-term pension obligations. To achieve these goals, the Division allocates the Fund's assets to a variety of asset types and strategies. Generally, equity investments are included for their long-term return and growth characteristics, while fixed income assets are added for their ability to control investment risk and provide for a reliable cash flow that meets the System's funding requirements.

After several years of poor corporate profitability, a weak global economy, uncertainty resulting from the war in Iraq and the lack of investor trust caused by corporate accounting scandals, the world's financial markets enjoyed strong growth during the Fund's 2003-04 fiscal year. Greatly improved corporate profitability and economic growth reversed three years of lackluster market returns and helped the Fund achieve its best returns since 1998, while increased government oversight of corporations helped restore confidence and trust in the financial markets.

Investment returns during Fiscal Year (FY) 2003-04 significantly outperformed the Fund's long-term annual average of 11.97 percent (measured since 1983). With a total annual return of 28.83 percent, the Fund reversed the negative and less than robust returns of the past three years. Certain asset classes, including domestic equity and real estate, performed better than their benchmark indices, while fixed income, international equity and private equity performed well on an absolute basis and helped the Fund achieve its outstanding results for the year. The Fund's successful long-term performance confirms the importance of asset diversification and controlling investment risk within each asset class.

## Domestic Equities

The Fund's domestic equity portfolio was one of the largest contributors to the 2004 fiscal year's strong positive performance. Representing approximately 49 percent of total assets, the Fund's domestic equity portfolio returned 39.10 percent for the year, versus 38.19 percent for the domestic equity market as measured by the Russell 3000 Index – a broad market index. All the domestic equity strategies were able to outperform their respective benchmarks as evidenced by the following returns in large capitalization, medium capitalization and small capitalization strategies. Large capitalization strategies, which account for 79 percent of the domestic equity portfolio, returned 35.40 percent; medium capitalization strategies, which account for 13 percent of the domestic equity portfolio, returned 50.80 percent; and small capitalization strategies, which account for 8 percent of the total domestic equity portfolio, returned 63.94 percent.

During the past year, the Fund's staff continued to implement the current domestic equity structure strategy that resulted from the most recent best practices study. Within domestic equity, 73 percent is managed in passive strategies, 20 percent in active strategies, and 7 percent in enhanced index strategies.

The internally managed S&P 500 and S&P 400 index funds continue to provide low cost and efficient exposure to the domestic equity markets for the Fund. With the expanded use of trade-crossing networks and alternative trading systems, the Fund continued to lower trading costs.

The Fund also continued to use minority and women-owned brokerage service providers when trading for the internally managed assets. For the fiscal year, these brokers accounted for approximately 32 percent of the total commissions. In addition, the Fund's external equity managers used women and minority-owned brokers for 14 percent of their total commissions.

## International Equities

The Fund's international and global equity holdings represented approximately 13.7 percent of total assets as of the end of the fiscal year. The established economies of the international stock market, as measured by the Morgan Stanley Europe, Australia and Far East Index, returned 57.54 percent. Because of its international equity structure, which employs a variety of active and passive investment strategies, the Fund's passive component outperformed the market with a return of 58.25 percent while the active component returned 53.04 percent for the same period. The world's emerging economies, as measured by the Morgan Stanley Emerging Market Index, returned 82.16 percent versus the Fund's 80.70 percent.

During the past year, the Fund's staff continued the implementation of the international equity structure recommendations adopted as a result of last year's best practices study. Within international equities, 70 percent is managed in core international markets, 16 percent in global equity markets and 14 percent in emerging markets.

The Fund has continued to pursue an international equity strategy for risk reduction and diversification. As of March 31, 2004, investments in developed non-U.S. markets totaled 9.5 percent, emerging markets exposure totaled 2.2 percent and global strategies totaled 2.0 percent of total assets. Given the continued uncertainty of the current investment environment, the Fund's broadly diversified portfolio structure continues to be the appropriate strategy.

## Fixed Income

The Fund's long-term fixed income portfolio includes extensive holdings in U.S. government guaranteed bonds, government guaranteed inflation indexed securities, as well as investment grade corporate and government sponsored agency securities. These assets provide a reliable funding source for the System's pension liabilities and offset the greater return volatility of the Fund's equity holdings. The Fund's short-term portfolio is invested primarily in high quality commercial paper and is a source of liquidity for monthly pension payments and funding for investments in other asset classes. Both portfolios are managed internally with assistance from a fixed income advisor.

Continued lackluster economic activity combined with deflationary fears led to a Federal Funds rate reduction from 1.25 percent to 1.00 percent early in the fiscal year. Encouraged by increased economic activity and fearful of inflation, the Federal Reserve refrained from any further rate adjustments during the Fund's fiscal year. The Fund's fixed income portfolio fared well in this environment, returning 8.88 percent for the year, versus 5.41 percent for the shorter duration Lehman Brothers Aggregate Index and 7.23 percent for the Salomon Long Pension Index.

The Fund was a net buyer of Treasury Inflation Protected Securities (TIPS), ending the year with a total portfolio allocation just over the 7 percent target recommended by the latest asset/liability study. TIPS contributed greatly to the Fund's fixed income performance, returning 15.77 percent for the year, well ahead of all other fixed income sectors. Corporate bond holdings also fared well, returning 9.28 percent for the year, while the government sponsored agency sector returned 4.31 percent.

The Fund continued its commitment to qualified women and minority owned brokerage firms. Thirty-seven percent of long-term broker initiated trades were executed with women or minority owned firms.

The Fund's securities lending program earned \$18 million in revenue in the fiscal year. Revenue from fixed income loans declined while earnings from both domestic and international equity loans increased. Total income decreased from the previous fiscal year, a reflection of the low interest rate environment.

## Real Estate

The real estate portfolio provided a total return of 26.04 percent and continues to enhance overall investment returns, while providing a level of diversification to equity investments. Additionally, income generated from the portfolio is a funding source for the System's pension liabilities. The real estate portfolio comprises assets accumulated from acquisitions and developments through joint venture relationships, real estate opportunity funds, and from purchases in the Fund's directly-owned real estate portfolio.

The real estate equity markets in FY 2003-04 exhibited powerful demand for institutional-quality product in major American markets. Acquiring Class A properties challenged all buyers. However, the Fund was the beneficiary of enhanced access to the real estate markets through its joint venture relationships, particularly in the multi-family sector. The Fund took advantage of the increased demand for real estate from domestic, foreign, public and private investors by selling non-strategic and mature assets, taking profits and improving the overall quality of the portfolio.

In FY 2003-04, the Fund added a new joint venture relationship with Avalon Bay Communities, which is developing an apartment community in New York City. Twenty percent of its units will be set aside for families meeting Federal affordable housing criteria. Through its existing relationships and selective additions to the joint venture program and directly-owned portfolio, the Fund is well-positioned to respond quickly to attractive acquisition proposals.

Real estate mortgage investments contribute to enhancing the long-term investment return of the Fund's fixed income portfolio. This portfolio consists of \$1.3 billion secured by a diversified commercial real estate portfolio.

## Alternative Investments

The Fund's private equity portfolio is designed to provide returns that exceed those of public equities. The added return is accompanied by increased risk and illiquidity. Private equity makes up a relatively small portion of the Fund's total investments. The Fund's private equity portfolio accounted for 5.7 percent of total assets as of March 31, 2004.

Private equity generally involves investments in companies not publicly traded. Strategies include investments in new companies, categorized as venture capital, established companies seeking capital for expansion, categorized as corporate finance, special situations funds that invest in specific industries, such as energy and power, or follow other strategies. Finally, the Fund's international portfolio includes both venture capital and corporate finance strategies in companies located outside of the United States.

The Fund also invests in funds-of-funds, which are pooled investments in a portfolio of private equity funds. The funds-of-funds strategy has two primary objectives: (1) to expand the broad diversification objective and (2) to supplement the core private equity portfolio with small funds.

The Fund employs a broadly diversified strategy for its private equity portfolio to reduce risk. Investments are made in a variety of strategies, with a number of different private equity managers and in funds initiated at different points in time. This approach reduces the risk to the Fund.

## Other Programs

### **New York State Mortgage Pass-Through Program**

The Fund's New York State Mortgage Pass-Through Program has provided home ownership opportunities for more than 62,300 New York State residents since it was established in 1981. Over the last 23 years, the Fund has purchased nearly \$6.6 billion in New York State mortgages. Along with benefiting State residents, this program has provided the Fund with a reliable source of income.

Under the current program structure, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation create and insure pools of single-family mortgage loans originated by traditional mortgage lenders. In FY 2003-04, the Fund purchased \$400 million in mortgages, allowing 3,039 New York State individuals and families to buy homes.

### **Affordable Housing Permanent Loan Program**

Since 1991, the Fund has played a major role in improving the lives of thousands of New York State residents while strengthening their neighborhoods. Through programs with the Community Preservation Corporation (CPC) and the JP Morgan Chase Community Development Corporation, the Fund has been able to provide moderate income and low-income families across the State with the opportunity to rent affordable housing. By purchasing permanent mortgages, the Fund provides for the production of affordable new multi-family housing and the revitalization of deteriorated

or obsolete housing units. Special housing for the State's senior citizens is also part of the program. In 2004, the Fund increased its program to purchase mortgages from the Community Preservation Corporation from \$300 million to \$400 million.

Since the inception of this program, 5,876 units have been completed and 3,054 are in the pipeline. To date, the Fund has invested \$175 million in mortgages and committed an additional \$150 million to the CPC program. In FY 2003-04, the Fund invested in affordable housing throughout the State, including Albany, Bronx, Dutchess, Erie, Nassau, Onondaga, Rensselaer, Saratoga, Schenectady, Suffolk, Warren, Washington and Westchester Counties.

### **Helping NY/Equity Real Estate Investments**

The Fund has invested in commercial real estate and owns properties throughout New York State, including shopping centers, office buildings, residential properties and storage facilities. Under the real estate joint venture program, the Fund has been able to develop new buildings and acquire properties in need of re-leasing, repositioning and upgrading. As a result of such intensive management efforts, property values have increased. The Fund's joint venture program focusing on development and re-development projects within New York State, the Excelsior Real Estate Fund, has created new housing units and contributed to the Fund's overall performance returns.

### **New York Business Development Corporation Program**

The Fund provides the New York Business Development Corporation (NYBDC) with funds to make loans to small businesses for working capital, equipment, or real property. NYBDC has a goal of making at least one-third of its loans to woman or minority owned businesses. With its focus on small-business lending, NYBDC can frequently offer more favorable terms than other lenders.

In 1998, the Fund renewed its relationship with NYBDC to provide an additional \$100 million in capital. Since the program began in 1987, NYBDC has made 563 loans totaling \$162.2 million to businesses that employ over 10,000 New Yorkers. During FY 2003-04, NYBDC made 33 loans totaling \$13.1 million.

## **Financing for Emerging Businesses in New York State**

The Fund's private equity and real estate opportunity fund portfolio includes investments in 198 New York businesses with a value of \$502 million. This figure reflects only the Fund's share of these investments; the total value of New York companies held by the Fund's partnerships was \$5.7 billion as of December 31, 2003 (the most recent data available). Companies in the private equity portfolio include: The NewsMarket in New York City, Concentrix in Pittsford, Latham International in Latham, Reichert in Buffalo, Q-RNA in New York City and Acorda Therapeutics in Hawthorne.

In 2000, the Fund initiated the New York State Private Equity Investment Program. The Program is designed to provide investment returns consistent with the risk of private equity investing, while also expanding the availability of capital for New York businesses. By the end of FY 2003-04, the Fund had made commitments to nine different private equity managers totaling \$253 million. The nine managers currently in the program are:

- ❑ Summer Street Capital Partners, a growth equity investment fund in Buffalo;
- ❑ FA Technology Ventures, a venture capital fund focusing on information and energy technology in Albany;
- ❑ Ascend Ventures, a technology venture fund in New York City;
- ❑ Wheatley Partners, a technology venture fund with a focus on information and medical technology in New York City and Long Island;
- ❑ DeltaPoint Capital, a growth equity fund in Rochester;
- ❑ The HL New York Coinvestment Fund, a special fund that provides capital statewide for other private equity managers making investments in New York;
- ❑ High Peaks Ventures, a Troy and Saratoga-based early stage venture capital fund;
- ❑ Founders Equity, a New York City-based fund that makes growth equity investments; and

- Easton Hunt Capital Partners, a New York City-based fund that pursues a broad strategy of investing in companies in a wide range of industries and stages of development.

Subsequent to the close of FY 2003-04, the Fund completed two additional commitments totaling \$45 million, bringing the total commitment under the in-state program to \$298 million.

# INVESTMENT RESULTS

Based on market values as of March 31, 2004

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Total Fund	28.83%	5.94%	5.05%
Domestic Equity	39.10%	2.87%	1.77%
International Equity	54.19%	3.71%	2.07%
Global Equity	52.33%	5.61%	4.98%
Emerging Market Equity	80.70%	18.84%	10.14%
Private Equity	21.11%	-1.07%	8.12%
Equity Real Estate	26.04%	15.93%	17.73%
Fixed Income	8.88%	9.87%	8.93%
Standard & Poor's 500	35.13%	0.63%	-1.21%
Standard & Poor's 400	49.07%	10.66%	11.76%
Russell 3000	38.19%	1.94%	0.14%
Russell 2000	63.82%	10.90%	9.66%
MSCI All Country World Free	46.00%	2.57%	-0.14%
MSCI All Country World Free ex U.S.	59.91%	5.45%	2.05%
Europe Australia Far East (EAFE)	57.54%	3.43%	0.52%
MSCI Emerging Markets	82.16%	18.50%	10.08%
Lehman Brothers Aggregate	5.41%	7.44%	7.29%
Salomon Smith Barney LPF Index	7.23%	8.82%	8.06%

The figures in this section are for investment management purposes and may not agree with audited statements.

## ASSET ALLOCATION – MARCH 31, 2004\*

The Fund's decision on how it diversifies its investments among the various asset classes – domestic and international equity, fixed income, real estate and private equity – largely determines its long-term investment performance. Since this is the most critical decision in asset management, the Fund reviews its asset allocation policy frequently. During the 2003-04 fiscal year, the Fund conducted a formal Asset Liability Analysis with the help of an investment consultant. The purpose of the analysis was to identify the best mix of assets that will meet the growth requirements of pension benefits while controlling the risk of volatile asset returns and the potential for higher employer contributions.

<b>Asset Type</b>	<b>Target</b>	<b>Maximum</b>	<b>Actual</b>
<b>Equity</b>	<b>70.0%</b>	<b>75.0%</b>	<b>72.3%</b>
Domestic	57.0%	62.0%	58.6%
Publicly Traded	43.0%		49.3%
Private Equity	9.0%		5.7%
Real Estate	5.0%		3.6%
International/Global	13.0%	15.0%	13.7%
<b>Bonds, Cash</b>			
<b>Mortgages</b>	<b>23.0%</b>	<b>25.0%</b>	<b>20.5%</b>
<b>Inflation Indexed</b>			
<b>Bonds</b>	<b>7.0%</b>	<b>9.0%</b>	<b>7.2%</b>

\* A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2004, is on our website at [www.osc.state.ny.us](http://www.osc.state.ny.us).

# DOMESTIC STOCK PERFORMANCE

For the fiscal year ending March 31, 2004

	Total Assets (millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Domestic</b>							
<b>Total Portfolio</b>	<b>\$59,090.7</b>	<b>39.10%</b>	<b>2.87%</b>	<b>1.77%</b>			
<b>Total Actively Managed</b>	<b>16,259.1</b>	<b>44.31%</b>	<b>3.50%</b>	<b>2.29%</b>			
<b>Russell 3000 Index</b>		<b>38.19%</b>	<b>1.94%</b>	<b>0.14%</b>			
<b>S&amp;P 500 Index</b>							
Total Large Cap Composite	46,885.0	35.40%	0.73%	-0.81%	13.25%	2/01/83	13.21%
CRF S&P 500 Index Fund	36,441.7	34.99%	0.78%	-1.03%	13.43%	8/01/78	13.39%
CRF Value Index Fund	262.1	43.99%	—	—	5.72%	2/01/02	4.86%
CRF Growth Index Fund	96.3	26.29%	—	—	-1.33%	4/01/02	-1.61%
Alliance Capital	2,176.4	35.25%	-1.66%	-1.80%	14.17%	4/01/80	13.88%
Oppenheimer Capital	978.0	43.04%	-1.13%	2.85%	15.09%	4/01/80	13.88%
Smith Barney	755.2	30.12%	1.34%	-0.23%	13.96%	7/01/82	14.44%
Capital Guardian	1,570.5	44.44%	4.85%	4.90%	14.96%	4/01/85	12.92%
Jacobs Levy	1,693.5	31.41%	1.53%	-0.19%	12.10%	5/01/93	11.05%
Chicago Equity	226.5	31.86%	—	—	-2.43%	6/01/01	-2.19%
BGI R1000 Alpha Tilts	2,306.8	36.50%	—	—	6.12%	11/01/01	5.14%
Wellington Management	265.9	39.78%	—	—	4.82%	1/01/02	5.66%
FIS Funds Management	112.1	—	—	—	12.88%	10/01/03	14.94%
<b>S&amp;P 400 Index</b>							
Total Mid Cap Composite	7,782.4	50.80%	10.99%	11.75%	14.27%	7/01/91	15.16%
CRF S&P 400 Midcap Fund	4,396.9	47.99%	10.34%	11.48%	14.26%	11/01/91	14.41%
Progress Investment	1,082.0	61.08%	11.87%	12.25%	15.02%	9/01/94	12.99%
New Amsterdam Partners	181.2	45.04%	7.83%	9.33%	16.00%	9/01/94	12.99%
Oppenheimer Mid Cap	453.0	46.40%	13.97%	17.89%	14.28%	6/01/97	13.22%
BGI Extended Alpha Tilts	1,429.3	57.25%	12.18%	9.82%	10.40%	11/01/98	7.53%
Ariel Capital	240.0	47.47%	—	—	10.39%	2/01/02	12.91%
<b>Russell 2000 Index</b>							
Total Small Cap Composite	4,423.3	63.94%	9.63%	9.99%	12.34%	7/01/91	11.97%
BGI R2000 Index Fund	1,634.6	63.00%	—	—	15.89%	11/01/01	15.73%
Wells Capital	411.8	66.14%	6.26%	5.23%	11.23%	8/01/91	7.54%
Brown Capital	438.8	49.65%	6.90%	13.27%	17.13%	9/01/94	10.56%
EARNEST Partners	187.4	67.31%	—	—	16.63%	6/01/01	14.16%
Brandes Investment	335.1	98.60%	—	—	34.98%	9/01/02	30.34%
Systematic Financial	291.1	51.87%	—	—	26.15%	9/01/02	30.34%
BGI R2000 Alpha Tilts	1,124.5	58.75%	—	—	58.75%	4/01/03	63.82%

# INTERNATIONAL STOCK PERFORMANCE

For the fiscal year ending March 31, 2004

	Total Assets (millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Total EAFE + Emerging Mkts. Composite</b>	<b>\$13,975.0</b>	<b>58.67%</b>	<b>6.23%</b>	<b>3.49%</b>	<b>6.46%</b>	<b>9/01/89</b>	<b>4.56%</b>
<b>Total Actively Managed</b>	<b>11,071.9</b>	<b>58.74%</b>	<b>6.59%</b>	<b>3.87%</b>	<b>6.95%</b>	<b>9/01/89</b>	<b>4.56%</b>
<b>MSCI All Country World Free ex U.S.</b>		<b>59.91%</b>	<b>5.45%</b>	<b>2.05%</b>			
<b>MSCI EAFE Index</b>		<b>57.54%</b>	<b>3.43%</b>	<b>0.52%</b>			
EAFE Composite	11,316.4	54.19%	3.71%	2.07%			
Passive EAFE Composite	2,903.1	58.25%	4.44%	1.34%	6.43%	12/1/90	5.88%
Alliance EAFE Index	560.3	57.73%	4.19%	—	-1.98%	12/01/99	-2.57%
BGI EAFE Index	1,756.8	57.91%	3.76%	—	-0.39%	8/01/99	-0.60%
BGI Intl Tilt Fund	586.0	59.07%	6.22%	3.02%	3.73%	2/01/99	0.83%
Active EAFE Composite	8,413.3	53.04%	3.49%	2.21%	6.47%	10/1/89	3.67%
Alliance Capital	863.4	44.58%	3.45%	2.56%	6.54%	9/01/89	3.97%
Capital Guardian	2,126.6	55.60%	2.66%	4.68%	8.69%	9/01/89	3.97%
Morgan Stanley International A/P	1,521.1	51.77%	4.74%	2.39%	6.51%	8/01/94	4.07%
Bank of Ireland	750.0	48.84%	0.76%	1.11%	3.75%	1/01/98	3.61%
Templeton Investment	764.3	56.92%	6.66%	6.99%	6.95%	1/01/98	3.61%
Delaware International	697.5	59.58%	10.41%	7.76%	8.16%	1/01/98	3.61%
Baillie Gifford	802.7	49.05%	2.16%	1.02%	0.96%	2/01/99	0.83%
Baring International A/P	887.7	59.06%	—	—	12.54%	4/01/02	9.97%
<b>MSCI Emerging Markets Index</b>		<b>82.16%</b>	<b>18.50%</b>	<b>10.08%</b>			
Emerging Markets Composite	2,658.6	80.70%	18.84%	10.14%			
Cap Guardian Emerging Growth	805.6	76.12%	15.82%	9.27%	9.86%	12/20/91	7.43%
Templeton Emerging Market	628.8	72.73%	19.66%	9.32%	4.08%	10/01/93	3.82%
Morgan Stanley Emerging Market	367.6	89.58%	21.69%	13.59%	5.76%	10/01/93	3.82%
Acadian Asset Management	275.3	101.95%	26.69%	17.19%	6.07%	04/01/96	2.28%
BGI Emerging Market	581.3	81.88%	18.62%	10.23%	5.43%	06/01/96	1.88%

# GLOBAL EQUITY PERFORMANCE

For the fiscal year ending March 31, 2004

	Total Assets (millions)	Annual Rate of Return			Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years			
<b>Global Equity: MSCI All Country World Index Free</b>		<b>46.00%</b>	<b>2.57%</b>	<b>-0.14%</b>			
Global Equity Composite	\$2,340.4	52.33%	5.61%	4.98%			
Capital Guardian	486.5	41.28%	1.56%	2.24%	9.99%	9/01/94	6.82%
Brandes Investment	736.3	73.03%	9.23%	—	11.62%	11/01/99	-2.14%
Morgan Stanley Global	1,117.6	47.94%	6.50%	—	1.22%	12/01/99	-2.86%

# DOMESTIC EQUITY PORTFOLIO – TEN LARGEST HOLDINGS

For the fiscal year ending March 31, 2004

Company	Shares	Market Value	% of Domestic Stock
General Electric	42,508,956	\$1,297,373,337	2.5%
Citigroup Inc.	22,419,609	\$1,159,093,785	2.2%
Pfizer Inc.	32,347,580	\$1,133,782,679	2.1%
Microsoft Corp.	45,091,425	\$1,124,129,225	2.1%
Exxon Mobil Corp.	25,509,123	\$1,060,924,426	2.0%
Wal-Mart Stores	17,354,099	\$1,035,866,169	2.0%
American Intl Group	10,692,071	\$762,879,266	1.4%
Intel Corp.	26,836,198	\$729,944,586	1.4%
Cisco Systems	27,500,452	\$648,185,654	1.2%
International Business Machine	6,513,043	\$598,157,869	1.1%

# DOMESTIC BOND PORTFOLIO AND COMPARISON

As of March 31, 2004

Sector	Market Value (millions)	Percent	Macaulay Duration	Yield	1 Year Total Return
Treasury	\$7,840.0	26.1%	8.38	3.48%	5.47%
TIPS	\$8,612.0	28.7%	14.79	3.39%	15.77%
Agency	\$2,001.0	6.6%	4.91	3.00%	4.31%
Mortgages	\$2,908.0	9.7%	3.25	3.91%	4.68%
Corporates & Other	\$8,679.0	28.9%	6.99	4.41%	9.28%
<b>Total</b>	<b>\$30,040.0</b>	<b>100.0%</b>	<b>9.08</b>	<b>3.73%</b>	<b>8.88%</b>

## DOMESTIC BOND PERFORMANCE

As of March 31, 2004

	Annual Rate of Return		
	1 Year	3 Years	5 Years
Common Retirement Fund	8.88%	9.87%	8.93%
Lehman Brothers Aggregate	5.41%	7.44%	7.29%
Salomon Smith Barney LPF Index	7.23%	8.82%	8.06%

## DOMESTIC BOND PORTFOLIO – TEN LARGEST HOLDINGS

As of March 31, 2004

Issue	Market Value (millions)	Percent of Fixed Income
Treasury Inflation Indexed Securities Due 4/15/29	\$3,813.2	12.84%
Treasury Inflation Indexed Securities Due 4/15/32	\$1,486.7	5.01%
Treasury Inflation Indexed Securities Due 4/15/28	\$1,109.6	3.74%
Treasury Inflation Indexed Securities Due 1/15/10	\$721.5	2.43%
Treasury Inflation Indexed Securities Due 7/15/13	\$586.1	1.97%
Treasury Bond Due 11/15/12	\$584.3	1.97%
Treasury Strip (Principal) Due 8/15/05	\$481.5	1.62%
Treasury Bond Due 2/15/21	\$408.1	1.37%
Treasury Bond Due 5/15/17	\$359.3	1.21%
Fannie Mae Note Due 8/15/04	\$332.2	1.12%

# REAL ESTATE PORTFOLIO

As of March 31, 2004

Property Diversification	Equity Amount	Percent	Mortgage Amount	Percent
Industrial/R&D	\$555,402,330.0	15.8%	\$70,572,594.5	5.30%
Land for Development	\$6,591,371.0	0.2%	-	
Office	\$852,225,521.0	24.2%	\$793,713,578.0	59.63%
Other	\$35,516.0	0.0%	\$11,803,643.0	0.89%
Residential	\$431,153,221.0	12.2%	\$174,524,918.0	13.11%
Retail	\$1,679,424,980.0	47.6%	\$280,438,185.0	21.07%
<b>Total</b>	<b>\$3,524,832,939.0</b>	<b>100.0%</b>	<b>\$1,331,052,918.5</b>	<b>100.00%</b>
Regional Diversification				
Northeast	\$757,126,486.0	21.5%	\$942,750,233.0	70.83%
Mideast	\$438,238,064.0	12.4%	\$36,632,433.0	2.75%
Southeast	\$539,188,262.0	15.3%	\$2,707,853.0	0.20%
Southwest	\$672,143,621.0	19.1%	\$67,715,452.0	5.09%
Midwest	\$238,734,529.0	6.8%	\$18,620,565.0	1.40%
Mountain	\$136,585,900.0	3.9%	\$74,425,457.0	5.59%
Pacific	\$742,780,561.0	21.1%	\$117,628,331.0	8.84%
Other	\$35,516.0	0.0%	\$70,572,595.0	5.30%
<b>Total</b>	<b>\$3,524,832,939.0</b>	<b>100.0%</b>	<b>\$1,331,052,919.0</b>	<b>100.00%</b>

	Number of Partnerships	Capital Committed (millions)	Capital Contributed (millions)	Remaining Market Value (millions)	Cumulative Distributions (millions)	Total Value (millions)
Opportunistic Real Estate	24	\$2,075.1	\$1,556.2	\$809.3	\$1,202.9	\$2,012.2

## ALTERNATIVE INVESTMENTS SUMMARY

As of March 31, 2004

	Number of Partnerships	Capital Committed (millions)	Capital Contributed (millions)	Remaining Market Value (millions)	Cumulative Distributions (millions)	Total Value (millions)
Venture Capital	31	\$2,705.3	\$1,374.5	\$663.5	\$628.2	\$1,291.7
Corporate Finance	60	\$7,495.2	\$5,183.3	\$3,609.0	\$4,311.7	\$7,920.8
Special Situations	39	\$3,501.3	\$2,540.1	\$1,568.4	\$2,425.9	\$3,994.3
International	20	\$2,022.1	\$1,174.7	\$845.0	\$554.6	\$1,399.7
<b>Total</b>	<b>150</b>	<b>\$15,723.8</b>	<b>\$10,272.7</b>	<b>\$6,686.0</b>	<b>\$7,920.5</b>	<b>\$14,606.5</b>
New York Business Development Corporation (NYBDC)				\$52.8		
<b>Total Alternative Investments and NYBDC</b>				<b>\$6,738.8</b>		

# CORPORATE GOVERNANCE

The Common Retirement Fund is the second largest public pension fund in the United States. As sole trustee, the Comptroller is responsible for managing, preserving and growing the assets of the Fund. To meet his obligations to the Fund's 970,078 pensioners, members and beneficiaries, the Fund invests in a number of asset classes to maximize returns, including bonds and stocks of publicly traded companies in the U.S. and abroad.

Comptroller Hevesi's role as a fiduciary keeps him engaged in discussions and negotiations with management and boards of directors of companies in the Fund's portfolio regarding corporate governance and accountability. Profitability and social responsibility of corporations must strike a fine balance to maximize investment rewards over time. As a long-term investor, the Comptroller promotes policies that will allow companies and communities to thrive together in symbiotic relationships. Since he took Office in January of 2003, Comptroller Hevesi has confronted corporations about their business practices, ranging from environmental and labor principles to accounting and executive compensation standards, and what those practices mean to shareholder value.

In recent years, as corporate scandals contributed to a downward spiraling market, Congress acted by presenting investors and corporations with the Sarbanes-Oxley Act of 2002 (by Senator Paul Sarbanes of Maryland and Congressman Michael Oxley of Ohio) in a major effort to reform corporate behavior. The Securities and Exchange Commission has the responsibility of enforcing the new rules it created to implement the corporate governance standards that the new legislation demands of corporations. Comptroller Hevesi offered his comments on corporate governance reform to the Commission as well as the Financial Accounting Standards Board during this time of analysis. As a shareholder representing the Fund, Comptroller Hevesi has similarly aligned his proxy-voting guidelines to the Sarbanes-Oxley Act, keeping his expectations high for companies' responsiveness to the new corporate governance standards.

Comptroller Hevesi's experience as a former New York City Comptroller brings with him a unique and important network of established relationships within the investor community. In addition to reaching out to other State Treasurers and Comptrollers to debate good corporate governance policies, he has kept the New York State Common Retirement Fund an active member of the Council of Institutional Investors, where institutional investors, both public and private, productively exchange ideas on investment policies and shareholder rights.

Highlights of Comptroller Hevesi's achievements as a shareholder activist in FY 2003-04 include:

- Comptroller Hevesi called for Dick Grasso to resign as Chairman of the New York Stock Exchange after it was publicly revealed that he had negotiated an exorbitant compensation package with the Exchange Board. Within hours of statements from Mr. Hevesi and California Treasurer Philip Angelides calling on Mr. Grasso to step down, he announced his resignation. Comptroller Hevesi, along with other members of the National Coalition for Corporate Reform (NCCR), successfully lobbied the U.S. Securities and Exchange Commission and the NYSE for corporate governance changes on the Exchange board.
- The Comptroller lobbied and met with U.S. Securities and Exchange Commission Chairman William Donaldson seeking a rule to automatically grant shareholders the right to nominate their own candidate for election to corporate boards of directors. This issue is still being debated by the Commission.
- Comptroller Hevesi joined with New York State Attorney General Eliot Spitzer and North Carolina State Treasurer Richard Moore in drafting and recommending a set of principles for mutual fund companies and managers to abide by in order to look after shareholder interests in the wake of the ongoing mutual fund scandals.

- The Comptroller continues to co-sponsor, with the New York City Comptroller representing the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the New York City Fire Department Pension Fund, shareholder resolutions asking Claire's Stores Inc., TJX Companies, Inc., and Interpublic Group of Companies, Inc. to implement the MacBride Principles (affirmative action guidelines for U.S. companies doing business in Northern Ireland to promote equal employment opportunities).
- The Comptroller co-sponsored, with the New York City Comptroller representing the New York City Teachers' Retirement System, the New York City Police Pension Fund, and the New York City Fire Department Pension Fund, shareholder resolutions asking El Paso Corporation, Waste Management, Inc., Centex Corporation, and Exxon Mobil to include explicitly in its written Equal Employment Opportunity policy the prohibition of discrimination based on sexual orientation, and make every effort to implement that policy. In addition, the Comptroller requested Regions Financial Corporation to adopt the policy and the company did so this July.
- The Comptroller co-sponsored a shareholder resolution with Domini Social Investments at Devon Energy requesting that the company report on, and develop, ways to mitigate risks of carbon emissions. After successful negotiations, the proposal was withdrawn upon Devon pledging to make a report available this September.
- Comptroller Hevesi, partnering with the Coalition for Environmentally Responsible Economies (CERES), Treasurers Denise Nappier of Connecticut, Philip Angelides of California and others, sponsored the UN Summit on Climate Risk to bring together interested parties in the investment community to raise awareness regarding climate change, risks and liabilities associated with it. Out of the summit, Comptroller Hevesi became a founding member of the Investor Network on Climate Risk (INCR). The purpose of the INCR is to bring the investment community together to explore and examine the risks of climate change. INCR encourages companies in which its members invest to address any material risks and opportunities to their businesses affected by and/or associated with climate change. Its website is [www.incr.com](http://www.incr.com).
- In the wake of the mutual fund scandal at Putnam Funds, Comptroller Hevesi and members of the NCCR, including CalPERS, CalSTRS, and AFS-CME, worked to get a candidate of the shareholders' choosing on the slate of nominees for election to Marsh McLennan Companies' board of directors (Marsh McLennan Companies is the parent company of Putnam Funds). Their efforts paid off and Zachary Carter, a former Federal prosecutor for the Southern District of New York, is now a director on the board.
- Comptroller Hevesi worked with the NCCR to shed light on problems and offer solutions to the boards of Walt Disney Company and Safeway, Inc. regarding the companies' poor performance records and corporate governance structures. The Comptroller is currently working with Walt Disney Company on the composition of its board after the CEO and Chairman Michael Eisner received a 43 percent withhold vote at its annual meeting this year. The NCCR also launched a "Vote No" campaign against CEO and Chairman Steven Burd. Mr. Burd received a 17 percent withhold vote, and the company implemented several corporate governance improvements, including the appointment of a lead director.
- Comptroller Hevesi, as sole trustee and on behalf of the Fund, is the lead plaintiff in shareholder class action litigation against WorldCom (currently MCI) and a related suit against Citigroup. Comptroller Hevesi settled the portion of the case against Citigroup for \$2.65 billion.

## Domestic Equity Manager Fees

Alliance Capital Management Corp.	\$1,991,409
Apex Capital Management	16,679
Ariel Capital Management	809,430
Barclays Global Investors	17,736,635
Brandes Partners	2,060,223
Brown Capital Management	3,040,300
Capital Guardian Trust Company	3,703,111
Cardinal Capital Management	248,862
Chicago Equity Partners	647,238
Denali Advisors LLC	29,668
Earnest Partners	600,426
Emerald Advisors	12,527
Eqyty Research & Management	9,614
Fan Asset Management	330,681
Fortaleza Asset Management	241,336
Fuller & Thaler Asset Management	602,965
FIS Funds Management	181,508
GlobeFlex Capital	169,612
Hahn Capital Management	13,549
Hoover Capital Management	812,927
Jacobs Levy Equity Management	4,282,016
Knelman Asset Management	25,061
Montgomery Asset Management	2,751,227
New Amsterdam Partners	521,966
Nichols Asset Management	53,503
Oppenheimer Capital	2,391,842
Piedmont Investment Advisors	11,609
Piedra Capital Ltd	444,685
Pilgrim, Baxter and Associates	168,160
Profit Investment Management	17,769
Progress Investment Management	2,181,456
Rasara Strategies	229,426
Rutland Dickson	17,086
Salomon Smith Barney Inc	1,070,893
Schneider Capital Management	703,169
Systematic Financial	1,615,372
Union Heritage	19,294
Wellington Management	784,498
<b>Total</b>	<b>\$50,547,732</b>

## Domestic Equity Commissions

Broker	Shares	Commission \$US	Broker	Shares	Commission \$US
Abel Noser Corp.	1,376,200	\$32,312	Fahnestock & Co., Inc.	771,300	\$37,460
Adams Harkness & Hill, Inc.	1,120,326	49,673	Fidelity Capital Markets	258,204	7,217
Advest, Inc.	97,700	4,713	Financial Clearing & Services	961,000	38,635
A.G. Edwards & Sons, Inc.	337,195	15,743	First Albany Corp.	8,078,342	380,768
Allen & Company Inc.	1,742,600	8,054	First Analysis Securities	85,900	4,211
Archipelago Bcc Capital	191,700	2,876	First Clearing Corp.	307,450	14,465
Asensio	91,900	4,595	First Marathon Securities	138,800	5,690
Auto Trading Desk Brokerage	557,700	8,366	First Southwest Co.	523,242	22,487
Autranet A Division of Bn.	580,100	26,806	First Union Capital Marke	6,056,959	263,723
Avalon Research Group Inc.	2,000	100	Fiserv Securities Inc.	3,301,722	120,007
Avian Securities Inc.	10,400	520	Fox-Pitt Kelton Inc.	891,630	37,702
B Riley & Co Inc.	204,400	8,850	Frank Russell(Old)	203,520	10,182
B-Trade Services LLC.	28,092,926	626,135	Friedman Billings & Ramse	996,950	33,679
Baird, Robert W. & Co., Inc.	3,192,784	148,246	Fulcrum Global Partners	594,315	29,089
Banc/America Securities LLC	9,717,646	436,469	G G E T LLC	57,800	1,734
Bank of American International Ln.	2,100	105	Gardner Rich & Co.	1,094,884	50,686
Barrington Research Assoc.	43,876	2,194	General Motors Acceptance	500	25
Beal, M.R. & Co.	6,051,806	293,180	Gerard Klauer Mattison	3,896,568	178,254
Bear Stearns & Co.	34,979,821	1,150,933	Gerson Lehrman Group Brokers	4,520	181
Bedminster Financial Group	1,000	60	Goldman Sachs & Co	30,399,813	1,095,486
Berean Capital, Inc	249,800	12,479	Granite Financial Group	9,700	194
Bernard Herold & Co.	10,000	500	Green Line Investor Services	38,900	1,945
Blackwatch Brokerage Inc.	58,200	2,826	Green Street Advisors Inc.	646,100	27,699
Blair, William & Co.	948,146	47,353	Greentree Brokerage Services	1,065,300	55,786
Blaylock & Partners LP	9,717,031	460,889	Griswald & Co.	2,262,000	67,860
BNY Clearing Services LLC	402,000	19,053	Griswold Company	5,106,749	153,776
BNY Esi & Co. Inc.	4,559,348	211,770	Guzman & Co.	5,818,800	164,667
Boe Securities Inc.	2,914,170	143,963	Harborside Securities	134,200	2,532
Boston Institutional Services	345,850	17,804	Harris Nesbitt Corp.	2,688,231	118,235
Brean Murray, Foster Securities	185,000	7,897	Heflin & Co Inc.	33,700	1,348
Brick/Div/Gererd Klauer	48,100	1,443	Hibernia Southcoast Capital	115,200	5,124
Bridge Trading Co.	2,714,319	128,075	Hoefer & Arnett Inc	188,275	9,230
Broadcourt Capital	3,262,550	160,737	Howard Weil Div/Legg Maso	1,263,800	57,430
Brown Brothers Harriman & Co.	23,300	1,165	Imperial Capital LLC	578,400	22,874
Buckingham Research	749,050	30,971	Instinet	19,205,750	431,883
Bunting Warburg Inc.	21,950	1,098	Institutional Direct Inc.	430,250	25,811
Burnham Securities Inc.	17,000	680	Institutional Services	1,144,275	54,149
C E Unterberg Towbin	1,556,300	60,580	Intersecurities Inc.	1,100	55
C.L. King & Associates Inc.	6,829,972	323,497	Investment Technology Group	77,375,478	1,016,906
Cantor, Fitzgerald & Co., Inc.	7,410,240	260,548	ISI Group Inc.	1,682,270	82,268
Capital Institutional Services	1,066,680	54,535	Jackson Partners	1,857,800	77,229
Caris & Company Inc.	4,733,480	41,363	Janney Montgomery Scott	602,961	28,524
Cathay Financial Corp.	15,800	790	Jefferies & Co.	17,131,371	577,219
Chapman Co.(The)	52,000	2,600	JMP Securities	790,750	35,426
Charles Schwab & Co., Inc.	2,151,885	76,043	JNK Securities Inc.	32,000	640
CIBC World Markets Corp.	3,158,343	160,476	Johnson Rice & Co.	270,700	8,245
Citation Group	959,900	46,464	Jones & Associates Inc.	2,437,313	92,691
Citigroup Global Market Inc.	49,640,147	1,818,353	JP Morgan Securities Inc.	10,480,617	496,281
CJS Securities	317,700	16,281	Keefe Bruyette & Wood Inc.	457,831	22,908
Cochran Caronia Securities	98,900	4,900	Kellogg Partners	15,000	750
Correspondent Services Corp.	2,950,361	60,240	Kemper Securities Group	273,800	11,798
Credit Research & Trading	99,400	4,970	Kleinworth Wasserstein	1,089,434	43,637
CS First Boston Corp.	19,016,218	903,759	Knight Securities	4,908,544	35,810
Davenport & Co. of Virginia	82,500	3,663	KV Execution Services LLC	136,900	4,458
Davidson, D A & Co Inc.	452,050	22,566	La Branche Financial	4,422,171	130,763
Davis Mendel & Regenstein	72,600	3,630	Lazard Freres & Co.	230,300	9,329
Deutsche Bank Securities	30,394,109	869,189	Leerink Swann & Co.	838,600	38,659
Donaldson Lufkin & Jenrette	2,679,460	133,085	Legg Mason Wood Walker Inc.	646,600	30,864
Dowling & Partners Securities	457,900	22,130	Lehman Brothers Inc.	33,972,735	1,299,538
Dresdner Bank	66,800	3,340	Liquidnet Inc.	9,265,669	187,779
Dunlevy and Co., Inc.	2,700	108	Loop Capital Markets	6,777,700	326,398
E*Trade Securities Inc.	45,100	1,804	Lowen Ondtj Mccutheon	30,650	1,133
Edge Securities Inc.	206,400	6,507	Lynch Jones & Ryan Inc.	163,500	6,621
Engelman Securities	203,300	4,368	M Ramsey King Securities Inc.	1,003,275	53,301
Ewing Capital Inc	66,500	3,229	Magna Securities Corp.	525,010	21,047
Exane, Paris	1,000	20	Maxcor Financial Inc.	82,500	2,475
Factset Data Systems	1,090,250	50,944	May Davis Group Inc.	1,372,500	68,625

Broker	Shares	Commission \$US	Broker	Shares	Commission \$US
McDonald & Co Securities	1,891,537	\$79,336	UBS Painewebber Inc.	1,879,800	\$93,985
Merrill Lynch, Pierce, Fenner	30,310,966	1,431,122	UBS Warburg LLC	23,229,570	1,012,061
Mesirow Financial, Inc.	22,100	1,105	United Capital Group Inc.	213,700	10,685
Midwest Research Securities	2,355,212	108,684	UNX Inc.	20,500	410
Monness, Crespi, Hardt	2,811	141	US Clearing Institutional	561,750	28,088
Moors & Cabot Inc.	172,400	7,877	Utendahl Capital Partners	10,424,844	413,852
Morgan Keegan & Co., Inc.	858,600	36,753	Vandham Securities Corp.	633,300	31,465
Morgan Stanley & Co., Inc	61,808,963	1,569,750	Veritas Securities	1,870,100	56,463
Multitrade Securities LLC	2,900	87	Vickers Da Costa Securities	207,000	10,100
Muriel Siebert	4,368,660	131,184	Wachovia Securities, LLC	4,189,640	202,231
National Financial Services	3,862,955	110,559	Wave Securities LLC	289,436	4,122
Needham & Company	2,703,344	99,495	Wedbush Morgan Securities, Inc.	2,544,170	88,937
Neuberger & Berman	1,638,800	67,490	Weeden & Co.	10,959,947	300,072
New Japan Securities International	69,400	868	Wellington, H.G. & Co.	175,000	5,750
Nutmeg Securities	268,300	13,965	Westminster	1,265,200	75,618
O'Neil, William & Co., Inc.	589,650	31,164	Westminster Research Assoc.	215,800	10,790
Ormes Capital Markets Inc.	4,358,400	204,307	Wexford Clearing Services	268,200	11,342
Pacific American Securities	3,095,090	138,911	Whitaker Securities LLC	17,200	916
Pacific Crest Securities	259,700	11,712	Wien Securities Corp.	126,062	24
Pacific Growth Equities	189,400	9,470	William Smith Securities	8,400	168
Parker/Hunter Inc.	79,153	3,878	Williams Capital Group	15,659,631	729,526
PCS Securities Inc.	1,462,660	72,396	York Securities	8,200	164
Percival Financial	890	45	<b>Total</b>	<b>782,254,133</b>	<b>\$27,124,752</b>
Petrie Parkman & Co.	92,500	4,441			
Polcari/Weicker	12,000	360			
Portales Partners LLC	89,430	3,577			
Pritchard Capital Partners	33,400	1,670			
Prudential Equity Group	8,432,654	381,049			
Pulse Trading LLC	101,300	2,850			
Quaker Securities Inc.	2,000	120			
Raymond James & Assoc.	1,896,258	82,259			
RBC Capital Markets	810,400	33,597			
RBC Dain Rauscher Inc.	3,700,325	166,728			
Refco Securities, Inc.	300	15			
Robert Van Securities Inc.	378,000	18,900			
Rochdale Sec Corp.	528,300	27,968			
Rockhouse Securities LLC	236,700	11,436			
Roth Capital Partners Inc.	235,500	10,413			
Ryan Beck & Co.	29,100	1,455			
Samuel A Ramirez & Company	7,552,817	363,644			
Sanders Morris Mundy	1,133,498	50,208			
Sandler O'Neill & Partner	755,830	30,186			
Sanford Bernstein & Co. LLC	5,086,401	226,605			
Scotia Capital Markets	129,900	6,203			
Scott & Stringfellow Inc.	2,159,000	96,923			
Seaport Sec Corp.	130,600	6,530			
Seslia Securities	1,098,200	54,910			
SG Cowen Securities Corp.	6,071,753	266,803			
Sidoti & Co LLC	343,300	17,165			
Simmons & Co. International	218,700	10,935			
Soundview Technology Group	1,857,207	88,404			
Southwest Securities Inc.	65,850	2,549			
Spear, Leeds & Kellogg	1,210,086	31,073			
Standard & Poors Securities	842,639	39,354			
State Street Global Market	434,500	13,115			
Stephens, Inc.	178,200	8,787			
Sterne Agee & Leach Inc.	1,474,700	73,735			
Stifel Nicolaus & Co., Inc.	333,129	15,086			
Sturdivant & Co.	220,800	11,040			
Sunbelt Securities	483,940	8,582			
Suntrust Capital Markets	1,653,700	71,113			
Sutherlands	359,679	20,521			
Thinkequity Partners LLC	12,400	620			
Thomas Weisel Partners	4,273,624	204,554			
Thomson Institutional Services	353,070	15,726			
US Bancorp Piper Jaffray	3,298,335	151,072			
US Clearing Corp.	66,050	3,197			

## International Equity Manager Fees

Acadian Asset Management	\$1,292,236
Alliance Capital Management Corp.	2,241,259
Baillie Gifford Overseas Ltd.	2,642,998
Bank of Ireland Asset Management	1,884,372
Barclays Global Investors	3,476,913
Baring International Investment Ltd.	2,188,444
Brandes Investment Partners	2,507,419
Capital Guardian Trust Company	11,963,400
Delaware International Advisors	1,640,269
Merrill Lynch Asset Management	164,963
Morgan Stanley Investment Management	11,226,364
Robeco Institutional Asset Management	747,298
Schroder Investment Management	1,104,983
Templeton Investment Counsel	8,777,568
<b>Total</b>	<b>\$51,858,486</b>

## Global Equity Commissions

Broker	Shares	Commission \$US	Broker	Shares	Commission \$US
Abel Noser Corp.	19,100	\$382	Janney Montgomery Scott	65,500	2,620
ABG Securities	966,988	20,818	Jardine Fleming	2,993,000	10,287
ABN Amro Bank	678,364	18,399	Jeffries & Co.	5,300	212
ABN Amro Inc.	18,602,901	275,579	Jones & Associates Inc.	121,280	3,638
Albert E. Sharp & Co.	34,485	690	JP Morgan Securities, Inc.	14,462,837	354,774
Amstel Securities	40,000	1,373	KAS Associate	33,438	1,211
Banco Bilbao Viscaya	8,800	120	KB for Credit Harvest Cap.	115,500	5,792
Banco Santander	699,278	21,190	Kepler Equities	54,213	7,925
Bank Julius Baer	557,319	14,209	Kleinworth Wasserstein	41,993,220	274,626
Bank of American International Ln.	743,509	25,015	Knight Securities	63,500	2,532
Bank Salomon Oppenheim Jr.	1,452,500	1,910	Kotak Securities	153,400	7,919
Baring Securities LTD.	81,855	8,394	Lehman Brothers Inc.	44,360,249	544,323
Barnard Jacobs Mellet & Co.	43,847	369	Liquidnet Inc.	207,960	1,346
Bayerische Hypo-Und Verei	40,100	6,712	M. Ramsey King Securities Inc.	80,100	3,580
Bear Stearns & Co.	3,081,457	72,086	Macquarie Equities LTD	951,369	22,385
Bear Stearns Securities	378,187	19,380	Mainfirst Bank AG	214,841	21,596
Bloomberg Tradebook	217,840	1,464	Merrill Lynch Professional	61,900	2,476
BMO Nesbitt Burns	12,824	828	Merrill Lynch, Pierce, Fenner	635,611,855	964,184
BNP Securities	829,476	35,175	Merrion Capital Group	13,600	432
BNY Clearing Services LLC	92,000	4,600	Midwest Research Securities	287,300	11,492
BPI Draler	411,627	8,207	Mizuho Securities	654,674	20,707
Broadcourt Capital	228,000	11,079	Mizuro International	51,000	979
Brockhouse & Cooper, Inc.	1,212,106	8,716	Montrose Securities	41,100	1,644
Brown Brothers Harriman & Co.	57,525	2,876	Morgan Grenfell Asia Securities	4,392,758	45,674
Bryan Garnier & Co.	155,008	6,628	Morgan Stanley & Co., Inc.	1,060,554,713	798,207
Bunting Warburg Inc.	28,400	1,014	Morgan Stanley DW, Inc.	58,600	1,201
Burdett Buckerde Young	19,799	1,198	National City Brokers	91,900	2,679
Cantor, Fitzgerald & Co.	992,906	25,524	NCB Stockbroker	190,198	7,560
Carnegie Fondkommission	373,798	23,162	Nesbitt Thomson Securities	334,000	10,614
Cazenove & Co.	13,655,409	63,976	Nikko Citigroup LTD.	2,761,423	54,325
CDC Bourse	71,712	11,738	Nomura Securities International	3,529,325	80,041
Charles Schwab & Co., Inc.	200	10	Oddo Securities	96,070	8,123
Chevroux	1,115,860	78,517	Ormes Capital Markets Inc.	3,668,200	51,505
CIBC World Markets Corp.	686,792	25,279	Pacific American Securities	41,000	2,050
Citibank	249,305	11,538	Paribas Corp.	215,968	11,026
Citigroup Global Market	1,027,329,671	677,477	Petercam Brussels	291,411	13,049
Collins Stewart	1,679,194	12,421	Pictet & Co.	312,613	32,993
Commerzbank Frankfurt	374,414	7,144	Princeton Securities	29,789	596
Credit Agricole Indosuez	1,751,403	40,397	Prudential Equity Group	61,142	2,446
Credit Lyonnais Securities	314,016,531	195,827	Rabo Securities	172,180	9,483
CS First Boston Corp.	542,089,845	810,705	RBC Capital Markets	288,518	12,121
Daiwa Securities America	2,718,801	15,891	SS Kantilal Ishvarlal	86,700	5,071
Davy Stockbrokers	269,607	8,272	Sanford Bernstein & Co. LLP	2,374,583	48,508
Deutsche Bank Securities	1,026,380,064	361,460	Schloter & Reidock	20,386	4,600
Deutsche Securities Asia	14,551,701	178,825	Schroders Salomon Smith Barney	285,000	7,428
Dexia Securities	1,658,464	6,451	Scotia Capital Markets	1,217,100	27,812
Dresdner Bank	79,315	3,559	SG Cowen Securities Corp.	45,000	2,250
E-xnet	67,695	1,111	SG Securities Asia	705,513	27,880
Edge Securities Inc.	1,493,043	42,692	Smith Barney, Harris Upham	594,597	2,829
Enskilda	1,005,901	13,287	Societe Generale Securities Corp.	17,073,302	219,144
Euromobiliare Limited	163,660	550	Soundview Technology Group	30,000	1,200
Exane, Paris	96,801	13,973	State Street Bank	16,500	852
Execution LTD	318,087	5,057	State Street Global Markets	80,800	1,116
Fox-Pitt Kelton Inc.	1,113,239	37,642	Svenska International Equities	953,333	17,245
Fulcrum Global Partners	5,980	2,994	Thomas Weisel Partners	134,426	6,262
G-Trade Services Hamilton	1,036,843,558	80,336	Tokai Tokyo Securities Co.	69,300	2,668
G.K. GOH Stockbrokers PTE	46,000	868	Toronto Dominion	86,400	3,110
Goldman Sachs & Co.	700,784,414	735,162	UBS Securities, Inc.	31,527,964	282,302
Goldman Sachs International	629,009	7,110	UBS Warburg LLC	559,718,631	585,707
Goodbody Stockbrokers	309,494	7,216	United Capital Group Inc.	260,900	13,045
Harris Nesbitt Corp.	1,052,000	26,880	Wachovia Securities, LLC	461,600	18,464
Hong Kong Shanghai Bank	515,180	6,024	Wagner Stott	40,000	2,000
HSBC Securities Inc.	12,574,888	141,813	Warburg Securities	425,059,249	147,976
Imperial Capital LLC	176,500	7,060	Warburg, S.G. & Co., Inc.	785,331	11,585
ING Baring LLC	175,858	2,717	West LB Securities	44,491	1,327
Instinet	1,440,257	19,818	Westpac Custodian Noms	168,157	744
Intermonte Securities Mil.	420,418	6,427	Williams Capital Group	4,937,596	80,615
Investment Technology Group	421,653	4,636	Wilson HTM LTD	585,367	7,764
J&E Davy	121,259	2,967	<b>Total</b>	<b>7,610,596,713</b>	<b>\$9,260,324</b>
JB Were & Son, Inc.	3,034,362	27,523			

## Domestic Bond Transactions

Fiscal year to date as of March 31, 2004; summarized by broker or direct issuer.

<b>Long-Term Broker</b>	<b>Par \$ US</b>
Banc/America Securities LLC	\$173,540,000
Bear Stearns & Co.	1,466,240,000
Blaylock & Partners LP	268,300,000
Citigroup Global Markets	921,140,000
CS First Boston Corp.	20,000,000
Deutsche Bank Securities	1,022,910,000
Development Corp For Israel	20,000,000
FHLMC	150,002,885
FNMA	250,236,028
Goldman Sachs & Co.	621,770,000
Guzman & Co.	25,000,000
Lehman Brothers Inc.	231,240,000
Loop Capital Markets	160,000,000
Merrill Lynch, Pierce, Fenner	89,000,000
Morgan Stanley & Co., Inc.	416,000,000
Ormes Capital Markets Inc.	1,436,870,000
SBK Brooks	218,270,000
Utendahl Capital Partners	310,220,000
Williams Capital Group	467,900,000
<b>Total</b>	<b>\$8,268,638,913</b>
<b>Short-Term Broker</b>	
American Express Credit	\$2,879,100,000
Banc/America Securities LLC	6,294,007,000
Bear Stearns & Co.	1,574,845,000
Citigroup Global Market	5,291,228,000
CS First Boston Corp.	5,819,097,000
Deutsche Bank Securities	11,696,145,000
Exxon Asset Management	1,254,510,000
Ford Motor Credit	100,000,000
General Electric Capital	11,099,134,000
General Motors Acceptance	3,110,200,000
Goldman Sachs & Co.	5,185,735,000
Household Finance	1,728,600,000
J P Morgan Chase & Co.	235,250,000
Lehman Brothers Inc.	3,301,154,000
Merrill Lynch, Pierce, Fenner	3,887,953,000
Morgan Stanley & Co., Inc.	1,093,663,000
Prudential Funding	1,664,315,000
Toronto Dominion	1,166,345,000
Utendahl Capital Partners	2,998,591,000
Wells Fargo	1,867,033,000
<b>Total</b>	<b>\$72,246,905,000</b>

## Real Estate Fees

Aetna	\$27,472
Apollo Management, LP	1,989,321
Blackstone Group	1,803,881
Canyon-Johnson	523,162
CIGNA	473,200
City Investment Fund Associates	370,916
Clarion Partners	12,459,698
Colony Capital LP	1,221,226
Community Preservation Corporation	213,520
GMAC Commercial Mortgage	184,638
Heitman Capital Management	6,365,790
JP Morgan Investment Management	2,715,152
Landmark Realty Adviosrs LLC	195,043
Lazard Freres Real Estate Investors LLC	984,348
Lend Lease (Capmark)	31,256
Morgan Stanley Group Inc.	1,296,203
NYSTRS	43,142
Olympus Real Estate Fund GP Partners	2,327,425
Praedium Group	741,752
Prima Capital	711,514
RREEF	2,825,069
Sentinel Realty Advisors	1,956,544
ULLICO	25,632
Westbrook Real Estate Partners Management	1,967,662
<b>Total</b>	<b>\$41,453,566</b>

## Alternative Investments Fees

ACOF Operating Manager (Ares)	\$1,239,746	Hellman & Friedman Investors, Inc.	1,845,624
Alliance Capital (Equitable)	11,562	Heritage Partners	1,771,243
Angelo, Gordon & Co., L.P.	240,553	High Peaks Venture Partners	285,572
Apax Partners & Co. Ventures Ltd. (Apax Europe IV, V)	4,411,227	Horsley Bridge Partners	216,032
Apax Partners U.S.	2,922,468	J.P. Morgan Investment Management	6,268,975
Apollo Management, LP	4,127,218	J.P. Morgan Partners, LLC	3,416,692
Ascend Ventures Management, LLC	349,952	JLL	642,617
Beacon Partners, Inc.	436,536	Kelso & Company	1,789,689
Behrman Capital	404,887	Kohlberg, Kravis, Roberts & Co.	2,820,111
Blackstone Group	4,290,841	Lexington Capital Partners	1,323,580
Blum Capital Advisor II, LLC	1,498,479	Madison Dearborn Partners, Inc.	2,290,949
Boston Ventures Management, Inc.	427,966	Markstone Investment Management	184,518
Brait Capital Partners Ltd.	539,890	Menlo Ventures	51,150
Brazos	2,977,706	MeriTech Capital Partners	431,408
Bridgepoint Capital Limited	1,556,340	Oaktree Capital Management	2,353,281
Charterhouse Capital Partners	1,365,878	Olympus Advisory Partners, Inc.	60,702
Cinven Limited	1,158,325	Pacific Corporate Group, Inc	1,500,000
CVC Capital Partners	2,479,200	Perseus-Soros Management, LLC	700,000
Cypress Group	3,648,182	Providence Equity Partners	3,811,258
DeltaPoint Capital	164,088	Saunders Karp & Megrue	\$652,689
DLJ Capital Corporation (Sprout)	351,016	Stonington Partners	115,895
Easton Hunt New York	425,742	Summer Street Capital Fund	
Fairview Capital Partners	1,863,336	NYS Advisors	364,580
First Albany Companies	937,500	TA Associates	2,523,801
FirstCorp Capital Advisors (Ethos)	503,042	The Carlyle Group	4,646,765
Founders NY	156,578	Thomas H. Lee Company	4,675,646
Freeman, Spogli & Co.	1,108,100	TPG Partners	2,616,162
GE Investment Management Inc. (NYS Co-Investment Fund)	46,406	Trust Company of the West	89,848
GM Capital Partners I	1,112,500	TSG Capital Group, LLC	533,187
Goldberg Lindsay & Co. LLC	842,254	Vestar Associates	789,302
Golder, Thoma, Cressey, Rauner, Inc.	311,953	Warburg, Pincus & Company	10,571,319
Goldman Sachs & Co.	342,325	WCA Management Corporation (Welsh Carson)	2,864,575
Green Equity Investors	444,636	Wheatley NY Partners LLC	500,000
Hamilton Lane Advisors, LLC (Hudson River Funds)	4,243,716	WJM Partners IV, LLC (Syndicated Communications)	504,625
HarbourVest Partners, LLC	11,276,390	Yucaipa	3,500,000
		<b>Total</b>	<b>\$124,928,333</b>

## Consultant & Advisor Fees

Ark Asset Management	\$425,000
Ayer Consultants	80,000
Consulting Services Group (CSG)	25,000
Hamilton Lane	400,000
Stockbridge Risk Management, Inc.	37,360
JP Morgan Fleming Investment Management	2,434,129
Pacific Corp Group (PCG)	187,500
Russell Real Estate Advisors	503,000
Strategic Solutions	225,000
Wilshire	90,700
<b>Total</b>	<b>\$4,407,689</b>

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**Actuarial Section**

# STATEMENT OF THE ACTUARY

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Benefit security is the primary concern of an actuarial funding method. Will sufficient assets have been accumulated when an employee or pensioner begins receiving a benefit?

Future pension costs cannot be determined precisely because they depend on future mortality, investment returns, salary increases, etc. Therefore, in their calculations, actuaries must make assumptions about these uncertainties. The actuary performs experience studies, ascertaining how closely each System's experience is conforming to the assumptions used. If significant differences occur that the actuary believes may indicate differences over a long period of time, the actuary may recommend assumption changes to reduce the expected differences.

Since pension data changes over time, e.g. number of employees or amount of service earned, an actuarial valuation is performed each year to ensure that costs are based on the most accurate information. A summary of the actuarial methods and assumptions used in the actuarial valuation is included later in this section.

Chapter 49, Laws of 2003 has changed the actuarial date for determining employer contributions for a fiscal year. Fiscal year ending March 31, 2003 employer contributions were determined using an April 1, 2002 valuation. Chapter 49 states that April 1<sup>st</sup> will be used to determine the contribution rate applied to salaries of employers for the next succeeding fiscal year. Therefore, the April 1, 2002 valuation was used in determining the FYE March 31, 2004 employer contributions. In addition, Chapter 49 instituted a minimum contribution and the minimum contribution was paid for FYE 2004.

There were no significant benefit improvements enacted during FYE 2003 or 2004. However, the decline in the equity market resulted in a significant drop in actuarial assets for April 1, 2003, and employer contributions will rise significantly.

The April 1, 2002 valuation for FYE March 31, 2004, was performed under my direction and supervision using the assumptions recommended by me and adopted by the Comptroller as of April 1, 2001 and the aggregate actuarial funding method. I am the actuary for the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), a member of the American Academy of Actuaries, and meet its qualification standards for this work. The valuation results, to the best of my knowledge and belief, represent the true financial condition of the System.



Teri E. Landin, M.A.A.A., A.S.A., E.A., M.S.P.A.

Actuary

New York State and Local Employees'  
Retirement System

New York State and Local Police and Fire  
Retirement System

## Actuarial Funding

An actuarial funding method is a procedure for allocating the costs of a retirement system to particular time periods. It does not determine how much a system will ultimately cost; rather, it determines that portion of the estimated total cost that is to be allocated to a particular year.

For 70 years, the actuarial funding method used by the System was the aggregate method (AGG). Then, Chapter 210 of the Laws of 1990 changed the funding method to a modified projected unit credit (PUC) method beginning in FYE March 31, 1991 (referred to as fiscal year 1991 here). This law was challenged and the challenge was upheld by the Supreme Court. On appeal, both the appellate division and the Court of Appeals unanimously agreed with the Supreme Court. These decisions allowed the Comptroller to return to the aggregate funding method, beginning with the 1995 fiscal year. To ease the transition in ERS, i.e., to prevent budget crises among participating employers, the Comptroller devised a plan to phase-in non-GLIP (New York State Public Employees' Group Life Insurance Plan) rates beginning in the 1995 fiscal year when the rates were zero. The rates increased by 1.5 percent per year until 1999, when the transition would cease. However, due to excellent investment gains and favorable experience, almost all ERS employer bills were below the transition rates in 1997, and in 1998 all were below the transition rates, so the transition ceased in 1998.

## Actuarial Valuation

At the beginning of the fiscal year, the Actuary, by law, determines the actuarial assets and liabilities. The actuarial valuation is important since it determines each year's employer contributions. Chapter 49 of the Laws of 2003 mandates that the actuarial valuation undertaken on the first day of a fiscal year be used to determine contribution rates for the next succeeding fiscal year. Thus, some of the data tables are the same as last year.

Each valuation gives a long-term picture of the System currently and over the coming years. In this, it differs markedly from the March 31, point-in-time snapshot of the System provided by the Financial Statements. The two measurements serve different purposes and use different techniques.

Two examples help make this clear:

- The actuarial assets for valuation purposes include the current value of all the future contributions employers and employees will make on behalf of current members. The Financial Statement balance sheet asset figure includes only contributions paid or incurred through this fiscal year.
- The actuarial assets smooth out the ups and downs of common stock performance by using a multi-year smoothing procedure. Techniques like this are widely practiced and professionally recommended to protect employers from volatile contribution rates. The Financial Statements, on the other hand, simply present market values of assets on the last day of the last fiscal year.

## Aggregate Actuarial Funding Method

Actuarial liabilities are the current values (called the actuarial present values) of the benefits the Retirement System expects to pay to current members, pensioners and beneficiaries. The actuarial present value of benefits is calculated by projecting the amount of future retirement, death and disability benefits (based on past and future service) to be paid and then discounting for interest earnings, employee turnover and other contingencies.

The actuarial present value of the contributions that employers must make to the System to fund the projected benefit payment is equal to the actuarial liabilities, minus the actuarial value of present assets.

Under the aggregate funding method, the difference between the actuarial liabilities above and the actuarial value of present assets is funded as a level percentage of salary over the future working lifetimes of current members.

# ELEMENTS OF THE ACTUARIAL VALUATION

## Actuarial Assumptions

The current actuarial assumptions were adopted effective April 1, 2001. These assumptions and their predecessors are shown below. All assumptions presume ongoing Systems:

<b>Fiscal Year Ending 3/31</b>	<b>Salary Scale*</b>		<b>Interest Rate</b>	<b>Multiple-Decrement Tables based on Systems':</b>
1980-81	Inflation	3.0%	5.50%	4/1/71-3/31/76 experience
	Productivity & Merit	<u>2.0%</u> 5.0%		
1982-85	Inflation	5.0%	7.50%	4/1/76-3/31/81 experience
	Productivity & Merit	<u>3.5%</u> 8.5%		
1986	Inflation	5.0%	8.00%	4/1/76-3/31/81 experience
	Productivity & Merit	<u>3.5%</u> 8.5%		
1987-88	Inflation	5.0%	8.00%	4/1/81-3/31/86 experience
	Productivity & Merit	<u>2.3%</u> 7.3%		
1989-92	Inflation	5.0%	8.75%	4/1/81-3/31/86 experience
	Productivity & Merit	<u>2.0%</u> 7.0%		
1993-96	Inflation	5.0%	8.75%	4/1/86-3/31/91 experience
	Productivity & Merit	<u>2.0%</u> 7.0%		
1997-98	Inflation	ERS 4.75% PFRS 4.75%	8.50%	4/1/90-3/31/95 experience
	Productivity & Merit	<u>1.25%</u> 6.0% <u>1.75%</u> 6.5%		
1999-2000	Inflation	3.50%	8.50%	4/1/90-3/31/95 experience
	Productivity & Merit	<u>2.50%</u> 6.00% <u>3.00%</u> 6.50%		
2001	Inflation	3.00%	8.00%	4/1/90-3/31/95 experience
	Productivity & Merit	<u>2.50%</u> 5.50% <u>3.00%</u> 6.00%		
2002-04	Inflation	3.00%	8.00%	4/1/95-3/31/00 experience
	Productivity & Merit	<u>2.90%</u> 5.90% <u>3.90%</u> 6.90%		

\*This is an approximate value. Salary scales vary by age and plan and are based on each System's experience.

## Selected Actuarial Assumptions used in the April 1, 2002 Valuation

Assumptions are computed by the Actuary and adopted by the Comptroller. They are based on recent NYSLRS member experience.

These illustrations are used to determine the number of people we anticipate will be dying, retiring, becoming disabled, withdrawing, etc.

Demographic assumptions below show central rates of decrement per 10,000 members, not necessarily probabilities.

### Disability Retirement Ordinary and Accidental

Age	ERS Ord	ERS Acc	PFRS Ord*	PFRS Acc
35	13	5	17	16
40	18	4	23	18
45	29	3	43	31
50	39	4	107	36

\*includes performance of duty

### Ordinary Death

Age	ERS	PFRS
35	7	5
40	10	8
45	15	12
50	22	22

### Withdrawal

(Ten-year ultimate rates)

Age	ERS	PFRS
35	225	43
40	195	67
45	167	103
50	139	211

## Service Retirement

ERS	Age	Tier 1	Tier 2-4
	55	5,828	847*
	60	2,493	885**
	65	4,389	3,853

\* If 30 years is attained prior to, or at, age 55, add 4,000.

\*\* In the year the member attains 30 years of service, add 2,000.

PFRS	Age	20 year	20 year with add'l 60 <sup>ths</sup>
	45	943	364
	50	751	503
	55	1,219	1,123

### Service Retirees – Mortality

Age	Male Clerk	Female Clerk	PFRS
55	51	41	44
60	79	58	73
70	186	120	195
80	461	342	534

### Disability Retirees – Mortality

Age	Male Clerk	Female Clerk	PFRS
30	15	12	4
40	121	96	8
60	271	211	70
80	852	533	625

### Salary Scale – Percent Increase

Age	ERS	PFRS
25	9.29	16.47
35	6.64	7.19
45	5.65	5.79
55	5.43	6.06

## Actuarial Value of Assets

Most of the assets of the ERS, PFRS, and GLIP are pooled in the Common Retirement Fund for investment purposes. The actuarial asset values for bonds and mortgages are amortized values. Short-term investments are at market value. All other investments (stocks, commingled funds, real estate, business investments, etc.) use a five-year moving average of market values method assuming a 7 percent rate of expected appreciation.

This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. Unexpected appreciation is the excess of actual appreciation over expected appreciation (assumed to be 7 percent of the market value at the beginning of the year, adjusted for the net cash flow during the year). Realized and unrealized gains are treated in the same manner under this method.

The GLIP values investments at market value. For the fiscal year 2004, the April 1, 2002 valuation of the System and Insurance Plan, the difference between market and actuarial value of smoothed investments was:

	<b>Investment</b> (millions)
Market Value	\$111,168
Actuarial Value	<u>123,373</u>
Difference	(\$12,205)

## Administrative Expenses

The cost of administering the System is borne by the State and local employers on a current disbursement basis.

## Group Life Insurance Plan (GLIP)

GLIP provides for up to \$50,000 of member and certain post-retirement death benefits to be paid as life insurance. All benefits provided are on a one-year term insurance basis. Participating employers are billed each year based on the aggregate of anticipated claims for the plan year. Premiums are set so that the reserve will, at its lowest amount during any year, be approximately equal to payables. Payables is an estimate of the amount of claims currently being processed, plus claims incurred but not yet reported.

## Deficiency Rates

An employer may also have a deficiency rate. When a new employer joins a System, any past service liability is paid for by separate annual payments over a period of up to 25 years. These payments are not affected by the funding method.

## Rate and Contribution Comparability

For comparability, unless stated otherwise, rates and contributions assume a payment date of December 15 before the fiscal year end. This is the date on which local government bills are paid. Presenting the State rates and contributions as of this payment date provides for comparability of State and local government rates and costs.

# ACTUARIAL VALUATION BALANCE SHEET

Used to determine employer contributions for the fiscal year ending March 31; in millions of dollars, as calculated April 1, 2002

<b>ERS</b>	
<b>Actuarial Assets</b>	<b>2004</b>
Actuarial Value of Present Assets:	
Held for Current Pensioners & Beneficiaries	\$29,773
Held for Members	70,521
Members' Contributions	<u>5,590</u>
Total	\$105,884
Actuarial Present Value of Prospective Contributions:	
From Employers	\$949
From Members	<u>777</u>
Total	\$1,726
<b>Total Actuarial Assets</b>	<b>\$107,610</b>
<b>Actuarial Liabilities</b>	
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:	
Service Retirement Benefits	\$32,627
Disability Retirement Benefits	2,238
Death Benefits	<u>94</u>
Total	\$34,959
Actuarial Present Value of Benefits for Members:	
Service Retirement Benefits	\$68,996
Disability Retirement Benefits	1,798
Death Benefits	1,315
Other	<u>542</u>
Total	\$72,651
<b>Total Actuarial Liabilities</b>	<b>\$107,610</b>
<b>PFRS</b>	
<b>Actuarial Assets</b>	<b>2004</b>
Actuarial Value of Present Assets:	
Held for Current Pensioners & Beneficiaries	\$6,549
Held for Members	12,659
Member's Contributions	<u>12</u>
Total	\$19,220
Actuarial Present Value of Prospective Contributions:	
From Employers	\$192
From Members	<u>0</u>
Total	\$192
<b>Total Actuarial Assets</b>	<b>\$19,412</b>
<b>Actuarial Liabilities</b>	
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:	
Service Retirement Benefits	\$6,072
Disability Retirement Benefits	1,576
Death Benefits	<u>84</u>
Total	\$7,732
Actuarial Present Value of Benefits for Members:	
Service Retirement Benefits	\$10,687
Disability Retirement Benefits	794
Death Benefits	307
Other	<u>55</u>
Total	\$11,680
<b>Total Actuarial Liabilities</b>	<b>\$19,412</b>

## New York Public Employees' Group Life Insurance Plan

Fiscal Year Ending 3/31

	2003	2004
<b>Assets</b>		
Investments	\$58	\$64
<b>Liabilities</b>		
Managed Overdraft (cash)	\$3	\$3
Claims Being Processed	18	17
Claims Unreported	8	6
Reserve for Mortality Fluctuations	<u>29</u>	<u>38</u>
<b>Total Liabilities</b>	\$58	\$64

# LOCAL GOVERNMENT EMPLOYERS FINAL CONTRIBUTION RATES

For the fiscal year ending March 31, 2004

All rates exclude any rate or contribution due to the 17-year amortization payments, prior years' adjustments, deficiency costs, retirement incentive programs, and certain benefits electable by local governments, such as credit for unused sick leave or one-year final average salary. All rates include Group Life Insurance payments.

<b>ERS</b>				
	<b>RSSL* Section</b>	<b>Percentage of Payroll</b>		
		<b>Tier 1</b>	<b>Tier 2</b>	<b>Tiers 3 &amp; 4</b>
<b>Contributory plans</b>				
Basic, Age 55, Age 60	71-a	4.9	4.9	n/a
Tier 3 Art 14	n/a	n/a	n/a	4.9
Tier 4 Art 15	n/a	n/a	n/a	4.9
<b>Non-contributory plans</b>				
Non-contributory	75-c	4.9	4.9	n/a
Non-contributory w/Guaranteed Benefits	75-e	4.9	4.9	n/a
Career	75-g	4.9	4.9	n/a
New Career	75-i	4.9	4.9	n/a
<b>25-year plans</b>				
Sheriffs and undersheriffs	89-a	4.7	4.7	n/a
Art 14 sheriffs – 25-yr.	551	4.7	4.7	4.7
Art 14 sheriffs – 25-yr. + 1/60 <sup>th</sup>	551-e	4.7	4.7	4.7
full service for 1/60 <sup>th</sup>	551-ee	4.7	4.7	4.7
County correction officers	89-e, etc.	4.7	8.2	5.3
<b>20-year plans</b>				
Sheriffs and undersheriffs	89-b	4.7	4.7	n/a
add'l 1/60 <sup>th</sup>	89-b(m)	4.7	4.7	n/a
Art 14 sheriffs – 20-yr.	552	4.7	4.7	4.7
Art 14 sheriffs – 20-yr. + 1/60 <sup>th</sup>	553	4.7	4.7	4.7
full service for 1/60 <sup>th</sup>	553b	4.7	4.7	4.7
Investigators	89-d	4.7	11.8	n/a
add'l 1/60 <sup>th</sup>	89-d(m)	4.7	12.3	n/a
<b>PFRS</b>				
<b>Contributory plans</b>				
Basic, Age 55, Age 60	371-a	4.6	4.6	
<b>25-year plans</b>				
Employer assumes ½ of additional member cost	384	4.6	4.6	
Employer assumes ¾ of additional member cost	384	4.6	4.6	
Employer assumes all additional member cost	384	4.6	4.6	
Additional benefit after 25 years	384(f)	4.6	4.6	
<b>20-year plans</b>				
Employer assumes ¾ of additional member cost	384-d	4.6	4.6	
Employer assumes all additional member cost	384-d	4.6	4.6	
<b>Non-contributory plans</b>				
Non-contributory	375-c	4.6	4.6	
Non-contributory w/Guaranteed Benefits	375-e	4.6	4.6	
Career	375-g	4.6	4.6	
New Career	375-i	4.6	4.6	
<b>25-year plans</b>				
With additional benefits after 25 years	384	4.6	4.6	
	384(f)	4.6	4.6	
<b>20-year plans</b>				
With additional benefits after 25 years	384-d	4.6	4.6	
1990 elections	384-e	10.0	5.9	
1991 elections		12.8	5.9	
1992 elections		13.9	5.9	
1993 elections		16.5	5.9	
1994 elections		13.5	7.4	
1995 elections		17.3	7.4	
1996 elections		18.7	6.5	
1997 elections		16.7	6.5	
1998 elections		18.2	6.8	
all other years		4.6	4.6	

\* Retirement and Social Security Law

# CONTRIBUTION RATE TREND FOR LOCAL GOVERNMENTS

Rates are based on a payment date three and one-half months prior to fiscal year end. Each rate is applied to the salary of members covered by that particular plan. Rates were calculated under the aggregate method.

Actual costs borne by employers are shown in the Statistical Section.

Plan Name (Section)	Percentage of Payroll									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>ERS</b>										
Non-contributory (75-c)										
Tier 1	5.3	5.5	3.2	1.0	0.6	0.1	0.2	0.7	1.2	4.9
Tier 2	4.9	5.1	2.9	0.9	0.6	0.1	0.2	0.7	1.1	4.9
Guaranteed Benefit (75-e)										
Tier 1	5.3	5.5	3.2	1.0	0.6	0.1	0.2	0.7	1.2	4.9
Tier 2	4.9	5.1	2.9	0.9	0.6	0.1	0.2	0.7	1.1	4.9
Career (75-g)										
Tier 1	5.6	5.8	3.3	1.0	0.6	0.1	0.2	0.7	1.3	4.9
Tier 2	5.2	5.4	3.0	1.0	0.6	0.1	0.2	0.7	1.2	4.9
New Career (75-i)										
Tier 1	5.8	6.0	3.5	1.0	0.6	0.1	0.2	0.7	1.3	4.9
Tier 2	5.4	5.6	3.1	1.0	0.6	0.1	0.2	0.7	1.2	4.9
Article 14/15 Tier 3	4.1	4.1	2.4	0.9	0.6	0.1	0.2	0.7	1.2	4.9
Article 15 Tier 4	4.1	4.1	2.4	0.9	0.6	0.1	0.2	0.7	1.2	4.9
<b>PFRS</b>										
Non-contributory (375-c)										
Tier 1	8.3	7.7	5.6	3.6	0.4	0.1	0	0.1	0.1	4.6
Tier 2	6.8	6.3	4.4	3.0	0.4	0.1	0	0.1	0.1	4.6
Guaranteed Benefit (375-e)										
Tier 1	8.3	7.7	5.6	3.6	0.4	0.1	0	0.1	0.1	4.6
Tier 2	6.8	6.3	4.4	3.0	0.4	0.1	0	0.1	0.1	4.6
Career (375-g)										
Tier 1	8.8	8.2	6.0	3.8	0.4	0.1	0	0.1	0.1	4.6
Tier 2	7.2	6.7	4.8	3.2	0.4	0.1	0	0.11	0.1	4.6
New Career (375-i)										
Tier 1	8.9	8.3	6.1	3.9	0.4	0.1	0	0.1	0.1	4.6
Tier 2	7.3	6.8	4.8	3.2	0.4	0.1	0	0.1	0.1	4.6
25-Year (384)										
Tier 1	9.5	8.8	6.2	3.9	0.4	0.1	0	0.1	0.1	4.6
Tier 2	8.4	7.8	5.3	3.5	0.4	0.1	0	0.1	0.1	4.6
25-Year + 1/60 <sup>ths</sup> (384-f)										
Tier 1	9.7	9.0	6.3	4.0	0.4	0.1	0	0.1	0.1	4.6
Tier 2	8.7	8.1	5.6	3.6	0.4	0.1	0	0.1	0.1	4.6
20-Year (384-d)										
Tier 1	10.8	10.0	7.1	4.4	0.4	0.1	0	0.1	0.1	4.6
Tier 2	9.8	9.1	6.4	4.0	0.4	0.1	0	0.1	0.1	4.6
20-Year + 1/60 <sup>ths</sup> (384-e)										
Tier 1										
1990 Elections	16.8	16.0	12.8	9.9	5.8	5.5	5.4	5.5	5.5	10.0
1991 Elections	19.6	18.8	15.6	12.7	8.6	8.3	8.2	8.3	8.3	12.8
1992 Elections	20.7	19.9	16.7	13.8	9.7	9.4	9.3	9.4	9.4	13.9
1993 Elections	23.3	22.5	19.3	16.4	12.3	12.0	11.9	12.0	12.0	16.5
1994 Elections	20.3	19.5	16.3	13.4	9.3	9.0	8.9	9.0	9.0	13.5
1995 Elections	n/a	23.3	20.1	17.2	13.1	12.8	12.7	12.8	12.8	17.3
1996 Elections	n/a	n/a	21.5	18.6	14.5	14.2	14.1	14.2	14.2	18.7
1997 Elections	n/a	n/a	n/a	16.6	12.5	12.2	12.1	12.2	12.2	16.7
1998 Elections	n/a	n/a	n/a	n/a	14.0	13.7	13.6	13.7	13.7	18.2
all other years	n/a	n/a	n/a	n/a	0.4	0.1	0	0.1	0.1	4.6
Tier 2										
1990-93 Elections	12.6	11.8	8.6	5.9	2.1	1.7	1.5	1.5	1.4	5.9
1994 Elections	14.2	13.0	10.2	7.6	3.8	3.5	3.2	3.1	2.9	7.4
1995 Elections	n/a	13.3	10.2	7.6	3.8	3.3	3.1	3.1	2.9	7.4
1996 Elections	n/a	n/a	9.2	6.6	2.8	2.3	2.1	2.2	2.0	6.5
1997 Elections	n/a	n/a	n/a	6.8	2.9	2.6	2.4	2.3	2.0	6.5
1998 Elections	n/a	n/a	n/a	n/a	2.9	2.5	2.4	2.5	2.3	6.8
all other years	n/a	n/a	n/a	n/a	0.4	0.1	0	0.1	0.1	4.6

# EMPLOYER CONTRIBUTIONS

Contributions here may differ from those appearing elsewhere in the Actuarial Section because this section deals only with the contributions attributable to the single year shown. Actual contributions may include adjustments due to previous years, such as amortization payments/credits, reconciliation of other years' bills and application of smoothing credits.

## Comparison of Employer Contributions

For fiscal years ending 2003 and 2004 (in millions of dollars)

<b>ERS</b>						
	<b>2004 Contributions</b>			<b>2003 Contributions</b>		
	<b>Salary</b>	<b>Contribution</b>	<b>Avg. Rate</b>	<b>Salary</b>	<b>Contribution</b>	<b>Avg. Rate</b>
Tier 1	\$1,688	\$83	4.9%	\$1,798	\$25	1.4%
Tier 2	1,169	56	4.9	1,184	16	1.4
Tier 3 & 4	16,719	818	4.9	15,987	192	1.2
Deficiency		2			1	
Incentive		201			59	
<b>Total</b>	<b>\$19,575</b>	<b>\$1,160</b>	<b>5.9%</b>	<b>\$18,969</b>	<b>\$293</b>	<b>1.5%</b>
<b>PFRS</b>						
Tier 1	\$163	\$17	10.3	\$201	\$12	6.0%
Tier 2	2,296	125	5.4	2,121	20	0.9
<b>Total</b>	<b>\$2,459</b>	<b>\$142</b>	<b>5.8%</b>	<b>\$2,322</b>	<b>\$32</b>	<b>1.4%</b>

## Final Employer Contributions by Employer Type

Attributable to fiscal year 2004 costs only (in millions of dollars)

<b>Employer</b>	<b>Normal*</b>	<b>Deficiency</b>	<b>Administrative</b>	<b>GLIP</b>	<b>Total</b>
<b>ERS</b>					
State	\$409		\$32	\$30	\$471
Counties	232		15	14	261
Cities	30		2	2	34
Towns	59	1	5	5	70
Villages	18	**	1	1	20
Misc	145	1	12	12	170
Schools	114	**	10	10	134
<b>Total</b>	<b>\$1,005</b>	<b>\$2</b>	<b>\$78</b>	<b>\$75</b>	<b>\$1,160</b>
<b>PFRS</b>					
State	\$17		\$2	\$**	\$19
Counties	38		2	1	41
Cities	39		3	1	43
Towns	13		1	**	14
Villages	10		1	**	11
Misc	13		1	**	14
<b>Total</b>	<b>\$130</b>		<b>\$10</b>	<b>\$2</b>	<b>\$142</b>

\* Includes incentives

\*\* Less than 500,000

## Employer Contributions By Tier

(in millions of dollars)

	<b>2004 (as of 12/15/03)</b>		<b>2003 (as of 12/15/02)</b>	
	<b>Employer Contributions Attributable to Year</b>	<b>%</b>	<b>Employer Contributions Attributable to Year</b>	<b>%</b>
<b>ERS</b>				
Tier 1	\$83	7.1%	\$25	8.4%
Tier 2	58	5.0	16	5.4
Tier 3&4	818	70.5	192	65.5
Deficiency	2	0.1	1	0.5
Incentive	201	17.3	59	20.2
<b>Total</b>	<b>\$1,160</b>	<b>100%</b>	<b>293</b>	<b>100%</b>
<b>PFRS</b>				
Tier 1	17	11.9	12	40
Tier 2	125	88.1	20	60
<b>Total</b>	<b>\$142</b>	<b>100%</b>	<b>\$32</b>	<b>100%</b>

## HISTORICAL TRENDS

The State is obligated to pay its bill on March 1, one month before the end of the fiscal year. However, since 1995, the State has paid its bill on September 1, seven months before the end of the fiscal year. Local employers must pay their bills by December 15, three and one-half months before the end of the fiscal year.

For comparability, all rates in the tables below are based on a payment date of December 15 prior to the close of the fiscal year.

### Trends in Employer Contributions

(in millions of dollars)

<b>Fiscal Year</b>	<b>ERS</b>			<b>PFRS</b>		
	<b>Salaries</b>	<b>State and Local Contributions Attributable to the Year</b>	<b>Average Contribution Rate*</b>	<b>Salaries</b>	<b>State and Local Contributions Attributable to the Year</b>	<b>Average Contribution Rate*</b>
1995	\$15,232	\$103	0.7%	\$1,600	\$222	13.9%
1996	15,105	333	2.2	1,673	217	13.0
1997	15,109	559	3.7	1,723	169	9.8
1998	15,556	271	1.7	1,842	129	7.0
1999	16,365	217	1.3	2,018	48	2.4
2000	16,935	149	0.9	2,049	39	1.9
2001	17,981	166	0.9	2,081	34	1.6
2002	18,760	228	1.2	2,338	37	1.6
2003	19,714	301	1.5	2,394	36	1.5
2004	19,575	1,160	5.9	2,549	142	5.8

\* Rates reflect actual contributions divided by actual salaries. The salary and contributions depicted here are rounded to the nearest million for readability.

# CHANGES IN CONTRIBUTIONS

Yearly, the System's experience in many areas (employee salary growth or decrease, investment return, legislative enactments of benefits) is assessed and quantified. Each element exerts an increasing, decreasing or neutral pressure on contributions to be charged for that year.

## Analysis of Changes

By source of change. Experience during one fiscal year producing increase or decrease in contributions for following year. (in millions of dollars)

<b>ERS</b>							
<b>Year</b>	<b>Contributions Billed for Preceding Year</b>	<b>Salary Growth</b>	<b>Return on Investments<sup>(e)</sup></b>	<b>Funding Method<sup>(a)</sup></b>	<b>Change in Benefits</b>	<b>Other Adjustments</b>	<b>Projected Contributions for Year Shown<sup>(b)</sup></b>
1995	-211 <sup>(c)</sup>	12	-54	928	0	140 <sup>(d)</sup>	815
1996	795	-78	-25	n/a	0	131	823
1997	793	-108	-208	n/a	0	47	524
1998	559	-111	-258	n/a	0	81	271
1999	270	-103	-98	n/a	0	148	217
2000	217	-46	-55	n/a	0	34	150
2001	149	n/a	n/a	n/a	n/a	17	166
2002	166	n/a	-57	n/a	n/a	118	227
2003	228	-69	-30	n/a	n/a	172	301
2004	292	n/a	n/a	n/a	n/a	868	1,160
<b>PFRS</b>							
1995	172	22	-9	37	0	3	225
1996	222	-8	-8	n/a	0	13 <sup>(d)</sup>	219
1997	217	-3	-28	n/a	0	-12	174
1998	169	-12	-44	n/a	0	16	129
1999	129	0	-94	n/a	0	13	48
2000	48	22	-37	n/a	0	9	42
2001	39	n/a	n/a	n/a	n/a	-5	34
2002	34	n/a	n/a	n/a	n/a	1	35
2003	36	n/a	n/a	n/a	n/a	-1	35
2004	32	n/a	n/a	n/a	n/a	110	142

(a) The change to the projected unit credit funding method in 1991 created a surplus, causing a significant decrease in contributions. The 1995 amount is due to a change from the projected unit credit funding method back to the aggregate method, and a change in the 5-year asset smoothing method.

(b) This is an estimated figure. Minor adjustments, mostly salary related, result in the final contribution figure for the year as shown in the Contributions Billed Column.

(c) The negative amount does not indicate a refund. The negative contributions can be used to reduce or eliminate certain payments due for the year.

(d) Primarily due to new actuarial decrement tables.

(e) For 1999 and 2000, this represents only a portion of investment gain; the portion necessary to achieve zero normal rates.

# SCHEDULES OF ACTIVE MEMBER DATA

<b>ERS</b>				
<b>FYE Mar 31</b>	<b>Active Members</b>	<b>Annual Member Payroll (\$ in millions)</b>	<b>% Increase in Annual Member Payroll</b>	<b>Average Salary</b>
1994	486,485	14,599	5.5	30,009
1995	492,006	15,232	4.3	30,959
1996	481,901	15,105	-0.8	31,345
1997	474,697	15,109	0.0	31,829
1998	478,508	15,556	3.0	32,509
1999	486,781	16,365	5.2	33,618
2000	494,545	16,935	3.5	34,243
2001	507,037	17,981	6.2	35,463
2002	512,209	18,760	4.3	36,626
2003	502,872	18,969	1.1	37,721
<b>PFRS</b>				
1994	31,083	1,525	8.2	49,062
1995	31,733	1,600	4.9	50,421
1996	31,874	1,673	4.6	52,488
1997	31,735	1,723	3.0	54,293
1998	31,912	1,842	6.9	57,721
1999	32,067	2,018	9.6	62,931
2000	31,955	2,049	1.5	64,131
2001	32,220	2,081	1.6	64,591
2002	32,321	2,338	12.3	72,346
2003	32,419	2,322	-0.7	71,631

# SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL

<b>ERS</b>					
<b>FYE</b>	<b>Service Retired Members</b>		<b>All Other Pensioners Beneficiaries</b>		<b>Total Retired Members and Beneficiaries</b>
	<b>Added During Year</b>	<b>Removed During Year</b>	<b>Added During Year</b>	<b>Removed During Year</b>	
1994	8,674	8,400	3,017	1,621	238,729
1995	8,896	9,083	2,955	1,770	239,727
1996	18,861	8,356	2,901	1,691	251,442
1997	14,279	8,316	2,719	1,711	258,413
1998	10,133	8,738	2,682	1,739	260,751
1999	11,927	9,028	3,146	1,897	264,899
2000	13,717	9,456	3,121	1,948	270,333
2001	10,847	9,059	2,960	1,934	273,147
2002	16,437	9,564	3,086	2,109	280,997
2003	15,024	9,870	3,173	1,983	287,341
<b>PFRS</b>					
1994	978	437	381	98	22,059
1995	722	465	244	100	22,460
1996	717	408	223	104	22,888
1997	867	380	195	120	23,450
1998	681	429	194	132	23,764
1999	748	460	239	144	24,147
2000	753	497	239	140	24,502
2001	792	490	252	125	24,931
2002	1,061	536	311	160	25,607
2003	1,054	521	243	127	26,256

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**Statistical Section**

# SCHEDULE OF REVENUE BY SOURCE

(in thousands)

<b>ERS</b>						
<b>Year Ending</b>	<b>Member Contributions</b>	<b>Employer Amount</b>	<b>Contributions % of Payroll</b>	<b>Other*</b>	<b>Investment Income Net</b>	<b>Totals</b>
1995	\$331,560	\$77,316	0.7%	\$175,510	\$4,434,877	\$5,019,263
1996	338,462	555,935	2.2%	150,790	11,650,047	12,695,234
1997	347,740	725,631	3.7%	110,743	7,048,400	8,232,514
1998	368,801	337,510	1.7%	77,201	20,979,916	21,763,428
1999	398,705	239,670	1.3%	84,344	7,776,526	8,499,245
2000	422,023	100,379	0.9%	131,183	16,263,868	16,917,453
2001	317,351	165,791	0.9%	106,643	(-9,424,415)	(-8,834,630)
2002	206,018	214,592	1.2%	105,013	2,307,773	2,833,396
2003	214,131	583,217	1.5%	103,999	(-9,504,775)	(-8,603,428)
2004	217,335	1,125,520	5.9%	71,830	23,154,279	24,568,964
<b>PFRS</b>						
1995	\$2,463	\$237,789	13.9%	\$34,105	\$821,297	\$1,095,654
1996	3,468	221,006	13.0%	28,341	2,180,214	2,433,029
1997	457	177,881	9.8%	12,723	1,322,792	1,513,853
1998	611	125,065	7.0%	11,427	3,915,536	4,052,639
1999	1,115	52,012	2.4%	26,459	1,448,226	1,527,812
2000	720	64,168	1.9%	8,575	3,013,040	3,086,503
2001	1,712	48,975	1.6%	9,718	(-1,746,407)	(-1,686,002)
2002	4,184	49,254	1.6%	14,353	423,179	490,970
2003	5,061	68,714	1.4%	5,731	(-1,731,040)	(-1,651,534)
2004	4,536	160,935	5.8%	5,318	4,180,473	4,351,262

\* Includes interest earned on member loans, interest on accounts receivable and transfers from other systems.

# SCHEDULE OF EXPENSES BY TYPE

(in thousands)

<b>ERS</b>					
<b>Year Ending</b>	<b>Retirement Allowances</b>	<b>Death Benefits</b>	<b>Other</b>	<b>Admin Expenses</b>	<b>Totals</b>
1995	\$1,967,932	\$99,415	\$130,521	\$37,833	\$2,235,701
1996	2,255,246	131,256	148,663	40,540	2,575,705
1997	2,491,945	104,431	80,177	41,404	2,717,957
1998	2,640,173	115,016	87,617	42,983	2,885,789
1999	2,786,727	114,161	85,425	46,059	3,032,372
2000	2,966,883	125,881	64,017	44,220	3,201,001
2001	3,342,257	140,381	83,805	49,080	3,615,523
2002	3,597,437	139,058	83,453	56,527	3,876,475
2003	4,028,327	132,503	41,394	59,149	4,261,373
2004	4,313,639	149,473	73,167	61,129	4,597,408
<b>PFRS</b>					
1995	\$452,711	\$7,866	\$17,705	\$5,980	\$484,262
1996	482,535	8,735	15,716	6,099	513,085
1997	511,502	14,037	2,038	6,172	533,749
1998	539,147	10,684	2,607	6,146	558,584
1999	572,293	8,800	3,079	6,547	590,719
2000	610,507	16,899	2,901	6,433	636,740
2001	685,761	12,560	2,644	8,726	709,691
2002	739,018	12,738	4,668	10,085	766,509
2003	807,879	15,869	3,794	8,347	835,889
2004	876,508	7,841	3,649	8,483	896,481

# SERVICE RETIREES: ERS

As of March 31, 2004 — By age and years of service, number, average final average salary (FAS), and average pension (AvgPen)

Nearest Age	Under 55			55-64			65-74			75-84			85 & Over			
	Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen									
<b>State</b>																
Under 10	0	0	0	507	29,510	2,979	645	27,562	3,404	958	17,226	2,750	1,501	10,773	2,194	
10 - 14	9	28,932	3,920	4,165	25,188	4,345	5,354	28,232	5,781	5,081	22,487	5,512	2,219	13,567	4,600	
15 - 19	14	45,420	8,432	2,807	33,007	8,123	4,602	32,477	9,514	4,331	23,959	8,423	1,806	14,833	6,912	
20 - 24	16	44,351	12,642	3,344	41,236	16,289	7,054	37,216	16,964	5,975	27,370	14,460	1,888	16,428	11,690	
25 - 29	312	57,317	29,016	4,678	47,639	24,811	6,596	40,362	23,275	4,128	29,721	19,648	1,230	17,337	15,623	
30 - 34	227	56,675	33,371	6,791	51,633	32,628	5,504	44,695	30,274	2,966	31,970	24,846	1,006	20,124	21,761	
35 & Over	242	48,300	31,577	10,027	55,453	41,757	5,207	50,606	39,780	3,316	40,655	35,401	1,142	23,838	28,626	
Total	820	53,711	30,031	32,319	45,791	26,400	34,962	38,803	20,705	26,755	28,046	15,911	10,792	16,019	11,291	
<b>Counties</b>																
Under 10	0	0	0	468	29,704	3,026	547	26,725	3,265	705	14,992	2,439	994	9,365	1,939	
10 - 14	21	40,044	5,322	2,312	25,619	4,348	3,558	25,753	5,251	3,343	19,014	4,660	1,308	12,403	4,121	
15 - 19	23	44,172	7,527	1,539	32,284	7,779	2,977	29,383	8,586	2,966	21,725	7,616	997	13,723	6,325	
20 - 24	172	50,523	24,424	1,855	39,070	16,013	3,580	33,664	15,161	2,946	25,765	13,028	749	16,667	10,430	
25 - 29	214	57,628	29,827	1,876	45,433	23,464	2,866	38,038	21,532	1,762	28,242	18,037	475	17,049	14,405	
30 - 34	161	60,110	33,897	2,304	49,909	31,466	1,767	41,543	27,764	903	30,932	23,013	251	17,237	17,859	
35 & Over	113	50,187	30,841	2,739	56,374	42,264	1,408	47,770	37,676	743	36,776	31,626	221	19,623	23,412	
Total	704	54,301	28,141	13,093	42,001	21,800	16,703	33,762	15,813	13,368	23,900	11,544	4,995	13,706	7,595	
<b>Cities</b>																
Under 10	0	0	0	65	24,029	2,507	97	18,925	2,304	153	13,453	2,171	204	8,289	1,727	
10 - 14	0	0	0	422	22,696	3,960	603	22,939	4,720	635	17,314	4,165	270	10,724	3,541	
15 - 19	2	28,518	5,204	291	29,345	7,289	469	25,460	7,471	556	18,755	6,708	251	10,989	5,333	
20 - 24	4	32,985	8,238	264	34,322	13,313	566	29,754	13,441	584	21,090	10,665	209	14,317	9,188	
25 - 29	3	50,145	16,473	289	38,775	20,103	581	32,217	18,640	508	22,559	14,927	162	13,319	11,903	
30 - 34	9	47,387	25,018	443	42,570	27,034	459	35,417	24,001	357	23,867	18,724	93	14,801	16,251	
35 & Over	27	49,461	30,665	585	47,636	35,729	402	38,823	30,717	280	27,630	24,681	99	16,772	20,831	
Total	45	46,696	25,465	2,359	36,741	19,566	3,177	29,912	15,227	3,073	20,668	11,101	1,288	12,059	7,818	
<b>Towns</b>																
Under 10	0	0	0	156	24,255	2,563	269	22,799	2,789	218	13,906	2,139	210	9,142	1,817	
10 - 14	1	30,434	4,767	536	24,441	4,131	1,186	24,583	4,985	1,019	19,125	4,540	370	12,864	3,983	
15 - 19	3	56,751	11,449	388	30,727	7,328	944	28,508	8,279	894	21,404	7,208	274	13,773	5,900	
20 - 24	1	39,002	7,989	423	35,424	13,785	1,117	32,824	14,728	962	25,148	12,653	247	15,741	9,708	
25 - 29	3	53,280	21,909	431	41,750	21,580	870	35,959	20,192	604	26,253	16,442	168	14,246	11,231	
30 - 34	13	58,097	31,939	588	47,533	29,983	658	38,635	25,732	374	28,321	20,642	81	13,768	13,320	
35 & Over	19	59,142	37,620	737	54,212	40,538	463	45,596	35,508	220	31,492	26,488	61	16,666	16,697	
Total	40	56,962	31,070	3,259	39,794	20,895	5,507	32,083	14,866	4,291	23,124	10,997	1,411	13,371	6,984	
<b>Villages</b>																
Under 10	0	0	0	43	23,935	2,603	79	21,405	2,820	76	12,187	1,830	85	7,813	1,652	
10 - 14	0	0	0	197	22,469	3,835	360	23,522	4,769	363	16,933	4,072	125	10,003	3,444	
15 - 19	0	0	0	130	29,296	7,023	290	26,450	7,809	309	18,148	6,290	100	10,812	5,216	
20 - 24	1	64,499	18,471	109	34,569	13,373	364	32,103	14,539	313	21,922	10,705	96	13,410	8,400	
25 - 29	0	0	0	123	39,363	20,036	305	35,668	20,170	235	24,466	15,233	48	14,554	11,942	
30 - 34	5	41,298	22,298	200	44,429	27,941	204	37,271	24,962	127	25,183	18,783	31	13,760	13,333	
35 & Over	9	55,366	1	244	52,156	39,214	170	42,163	33,096	104	32,036	27,036	24	17,088	19,495	
Total	15	51,286	29,611	1,046	37,749	19,942	1,772	31,131	14,880	1,527	20,839	10,274	509	11,431	6,588	
<b>Miscellaneous</b>																
Under 10	0	0	0	282	33,948	3,526	275	32,238	3,975	272	18,396	2,808	310	10,751	2,087	
10 - 14	6	36,435	4,655	1,141	30,857	5,218	1,698	30,520	6,197	1,260	22,463	5,344	408	12,592	4,406	
15 - 19	9	50,965	9,258	845	38,210	9,237	1,226	33,170	9,564	1,000	24,171	8,284	344	15,661	7,015	
20 - 24	17	65,280	18,194	803	46,507	17,651	1,419	38,315	16,915	1,117	28,582	14,462	289	17,390	11,585	
25 - 29	19	60,635	21,436	760	53,562	26,943	1,146	45,442	25,710	861	33,300	21,039	232	19,153	16,676	
30 - 34	68	62,391	33,397	1,019	60,304	37,818	1,016	52,216	34,931	630	37,508	28,235	173	20,798	22,318	
35 & Over	61	55,953	34,492	1,579	66,522	49,786	958	59,127	46,191	624	45,502	38,477	150	23,269	28,279	
Total	180	58,860	28,905	6,429	50,025	25,906	7,738	41,030	20,231	5,764	29,510	15,935	1,906	15,958	10,586	
<b>Schools</b>																
Under 10	0	0	0	591	17,509	1,805	974	16,028	2,035	1,304	8,669	1,414	1,202	6,304	1,389	
10 - 14	0	0	0	1,950	20,819	3,403	4,832	19,726	3,994	4,525	13,057	3,232	1,801	7,546	2,746	
15 - 19	3	30,038	5,515	1,567	25,524	6,032	3,557	23,005	6,743	3,997	14,039	5,058	1,600	8,673	4,328	
20 - 24	3	38,978	9,957	1,517	29,951	11,552	4,186	25,707	11,505	3,975	16,718	8,258	1,092	10,277	6,379	
25 - 29	3	25,907	9,015	1,321	32,761	16,928	3,132	27,376	15,338	2,404	19,340	11,935	511	11,911	9,038	
30 - 34	6	33,399	18,197	973	38,222	24,188	1,555	31,277	20,504	951	22,925	16,434	223	13,393	12,007	
35 & Over	7	42,397	25,328	655	45,295	33,703	741	36,722	28,415	480	26,474	22,031	116	13,720	16,335	
Total	22	35,543	16,361	8,574	28,751	11,973	18,977	24,343	10,244	17,636	15,534	7,054	6,545	8,698	4,537	

# SERVICE RETIREES: PFRS

As of March 31, 2004 — By age and years of service, number, average final average salary (FAS), and average pension (Avg Pen)

Nearest Age	40-49			50-59			60-69			70 & Over			
	Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>State</b>													
Under 10	0	0	0	1	29,362	3,670	4	23,799	2,993	7	19,562	4,045	
10 - 14	0	0	0	10	28,633	5,866	27	12,566	2,561	14	5,230	1,352	
15 - 19	0	0	0	6	34,447	9,565	15	25,028	8,962	15	16,125	6,732	
20 - 24	99	74,120	38,692	343	55,493	30,463	755	33,049	21,980	372	19,462	18,250	
25 - 29	4	80,686	48,188	167	68,539	41,463	305	49,335	32,469	213	26,235	22,690	
30 - 34	0	0	0	120	78,401	52,735	301	60,549	42,752	124	34,792	29,380	
35 & Over	0	0	0	35	89,515	66,649	159	71,793	54,140	57	45,758	38,828	
Total	103	74,375	39,060	682	63,847	38,348	1,566	44,987	30,773	802	25,190	21,978	
<b>Counties</b>													
Under 10	0	0	0	1	96,529	62,985							
10 - 14	0	0	0	11	30,888	6,159	14	25,320	5,131	2	10,197	3,365	
15 - 19	0	0	0	8	40,054	11,176	7	33,405	9,791	3	27,876	11,628	
20 - 24	27	106,405	54,429	626	74,930	40,445	770	54,462	32,314	671	24,253	21,905	
25 - 29	0	0	0	230	108,299	66,684	264	78,459	49,147	217	46,203	32,678	
30 - 34	0	0	0	366	121,563	84,698	283	107,464	75,826	254	58,861	43,556	
35 & Over	0	0	0	76	127,413	95,106	261	120,288	90,423	157	71,432	57,506	
Total	27	106,405	54,429	1,318	96,166	60,018	1,599	78,202	51,943	1,304	40,314	32,149	
<b>Cities</b>													
Under 10	0	0	0	2	48,566	6,553	4	17,765	6,600	2	17,551	10,506	
10 - 14	0	0	0	41	19,927	3,883	39	15,907	3,235	11	9,700	2,684	
15 - 19	0	0	0	13	28,571	8,851	38	21,271	6,503	12	11,001	5,208	
20 - 24	249	60,203	30,468	1,339	49,668	26,141	1,219	35,921	21,939	859	19,140	16,490	
25 - 29	12	76,751	43,394	463	66,622	38,164	567	50,041	30,484	698	25,129	19,275	
30 - 34	0	0	0	269	76,140	51,394	626	61,497	42,255	819	33,030	26,488	
35 & Over	0	0	0	51	81,949	60,028	359	75,229	56,056	669	40,390	34,172	
Total	261	60,963	31,062	2,178	56,611	32,069	2,852	48,796	31,909	3,070	28,771	23,546	
<b>Towns</b>													
Under 10	0	0	0	5	20,372	2,282	21	17,162	2,199	24	8,281	1,192	
10 - 14	0	0	0	19	20,359	4,010	35	21,093	4,692	11	13,140	3,518	
15 - 19	0	0	0	6	36,260	10,458	19	23,504	7,785	11	12,672	4,641	
20 - 24	107	73,586	37,230	324	58,745	30,645	259	42,519	25,463	158	23,376	18,944	
25 - 29	6	75,750	42,911	108	73,792	41,443	63	57,765	33,668	85	32,768	23,508	
30 - 34	0	0	0	58	84,160	56,744	92	77,853	52,487	88	43,721	32,853	
35 & Over	0	0	0	16	91,136	65,649	50	82,888	61,680	70	50,499	41,930	
Total	113	73,701	37,531	536	63,524	35,255	539	51,027	31,516	447	32,089	24,465	
<b>Villages</b>													
Under 10	0	0	0	6	16,774	1,820	31	10,124	1,139	31	7,684	1,105	
10 - 14	0	0	0	23	21,927	4,886	46	17,061	3,836	19	10,960	3,289	
15 - 19	0	0	0	5	25,227	6,725	18	19,980	6,661	15	14,865	6,818	
20 - 24	91	62,222	31,233	343	57,723	29,786	288	40,403	24,114	229	21,491	18,683	
25 - 29	3	82,679	41,340	87	67,629	35,783	94	50,308	29,216	145	26,331	19,275	
30 - 34	0	0	0	40	88,507	56,838	85	67,108	43,665	110	37,524	28,762	
35 & Over	0	0	0	13	103,141	74,100	48	83,826	61,980	69	52,461	42,901	
Total	94	62,875	31,555	517	60,532	32,347	610	45,166	27,392	618	27,761	21,677	
<b>Miscellaneous</b>													
Under 10	0	0	0	0	0	0	0	0	0	3	26,778	7,926	
10 - 14	0	0	0	3	20,083	3,671	10	19,864	4,134	4	13,031	4,116	
15 - 19	0	0	0	4	34,068	9,841	1	45,177	12,363	1	59,403	30,138	
20 - 24	25	96,193	50,204	294	97,574	51,449	119	57,136	33,920	364	21,989	21,488	
25 - 29	0	0	0	110	130,971	79,900	53	88,349	52,414	106	29,330	23,844	
30 - 34	0	0	0	80	161,021	110,327	61	105,834	73,332	56	70,139	48,761	
35 & Over	0	0	0	11	175,359	130,360	46	108,151	81,083	57	80,353	61,502	
Total	25	96,193	50,204	502	115,738	68,178	290	79,849	51,970	591	33,524	28,182	

# DISABILITY RETIREES: ERS

As of March 31, 2004 — By age and years of service, number, average final average salary (FAS), and average pension (Avg Pen)

Nearest Age	Under 55			55-64			65-74			75-84			85 & Over			
	Yrs Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen									
<b>State</b>																
Under 10	472	24,262	10,064	314	20,101	9,466	203	18,409	8,187	128	15,427	7,664	11	8,919	13,401	
10 - 14	1,037	31,298	12,202	986	26,572	10,623	725	21,825	8,974	360	14,505	8,617	51	10,447	5,746	
15 - 19	750	35,421	14,913	977	31,020	14,004	645	24,579	12,378	281	15,713	10,352	43	10,235	8,495	
20 - 24	424	37,755	16,463	821	35,592	17,927	420	25,259	15,870	135	16,505	13,296	24	9,403	9,189	
25 - 29	139	40,639	20,519	445	37,117	20,937	197	26,668	18,488	76	17,007	15,702	5	13,494	15,476	
30 - 34	90	42,119	23,200	177	37,075	21,644	63	28,489	21,613	19	19,731	17,838	4	13,428	15,943	
35 & Over	7	40,974	25,406	36	41,256	26,017	7	35,237	27,586	5	23,595	22,235	7	14,799	23,887	
Total	2,919	32,959	13,939	3,756	31,045	14,891	2,260	23,591	12,396	1,004	15,563	10,389	145	10,493	9,204	
<b>Counties</b>																
Under 10	94	25,495	10,103	64	19,428	9,307	54	18,252	7,838	40	15,048	6,323	1	7,385	15,700	
10 - 14	327	35,313	14,281	358	28,011	10,088	271	21,160	7,492	139	14,536	7,027	15	9,413	6,780	
15 - 19	232	38,585	17,048	306	30,417	12,466	222	26,062	12,177	79	14,555	9,591	9	10,895	9,190	
20 - 24	139	41,106	19,050	228	35,915	17,710	111	28,959	20,080	34	19,710	14,352	4	5,100	4,924	
25 - 29	55	41,204	20,921	104	39,398	22,452	57	30,172	20,649	16	14,330	11,164	1	5,383	6,713	
30 - 34	28	40,657	22,480	30	38,640	22,786	11	32,341	23,546	3	33,420	29,863	0	0	0	
35 & Over	1	37,611	21,445	6	41,848	25,732	0	0	0	1	58,756	50,261	0	0	0	
Total	876	36,589	16,009	1,096	31,273	13,898	726	24,512	12,151	312	15,483	8,954	30	9,081	7,551	
<b>Cities</b>																
Under 10	20	20,766	7,515	22	18,086	9,175	20	19,254	9,618	8	17,256	8,909	2	6,003	13,372	
10 - 14	70	27,355	9,097	72	24,167	10,075	58	17,803	7,599	28	12,171	6,878	6	9,283	5,675	
15 - 19	49	32,364	11,314	72	27,514	10,547	63	21,636	9,649	32	13,939	9,188	1	5,893	4,934	
20 - 24	33	32,694	13,329	64	29,606	14,347	40	21,458	13,998	7	17,889	13,647	2	11,308	8,064	
25 - 29	15	34,124	16,706	53	33,329	18,541	24	26,518	16,670	9	12,552	13,175	4	7,153	9,636	
30 - 34	5	45,067	23,360	13	34,087	17,908	4	35,143	26,116	8	15,324	14,423	1	7,592	13,822	
35 & Over	2	33,440	20,130	1	45,174	35,928	0	0	0	1	22,668	23,775	1	8,248	13,002	
Total	194	29,892	11,283	297	27,840	12,984	209	21,129	11,031	93	14,068	9,797	17	8,274	8,661	
<b>Towns</b>																
Under 10	26	25,872	9,731	20	22,125	11,636	20	17,812	8,064	10	15,690	9,976	0	0	0	
10 - 14	91	32,292	11,769	79	26,982	11,306	82	21,811	8,126	41	16,405	9,596	1	8,432	6,877	
15 - 19	77	37,546	13,593	93	33,316	12,716	48	27,107	11,181	24	15,852	10,426	2	10,972	8,940	
20 - 24	49	40,422	17,213	74	38,153	20,334	48	28,173	17,960	17	25,312	22,146	2	5,952	19,347	
25 - 29	24	46,763	23,370	56	40,124	23,276	20	25,567	15,394	5	20,945	22,213	0	0	0	
30 - 34	7	46,000	25,401	18	42,969	26,892	8	27,806	22,359	1	23,018	19,799	0	0	0	
35 & Over	1	55,235	31,907	1	60,147	45,110	2	24,534	16,283	0	0	0	0	0	0	
Total	275	36,300	14,489	341	33,948	16,557	228	24,478	12,042	98	18,041	12,763	5	8,456	12,690	
<b>Villages</b>																
Under 10	7	25,251	8,316	11	20,927	11,975	6	12,915	8,524	7	12,122	8,139	1	9,078	12,503	
10 - 14	33	31,483	11,457	26	22,907	8,284	21	22,046	8,682	17	12,894	7,373	0	0	0	
15 - 19	22	39,615	14,546	27	29,742	12,898	24	21,265	9,529	12	15,011	10,086	0	0	0	
20 - 24	13	39,381	16,713	28	31,490	17,590	27	21,930	13,613	5	15,444	12,446	2	11,237	7,559	
25 - 29	5	48,784	22,248	17	35,450	19,170	10	27,476	17,997	4	23,352	18,855	0	0	0	
30 - 34	5	53,836	30,446	9	39,281	24,455	7	25,511	19,941	3	26,671	25,141	1	8,120	12,078	
35 & Over	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	85	36,615	14,553	118	29,379	14,694	95	22,066	12,098	48	15,309	10,759	4	9,918	9,925	
<b>Miscellaneous</b>																
Under 10	46	27,878	10,006	34	22,390	9,228	30	20,104	8,702	14	19,508	9,046	1	16,585	3,108	
10 - 14	132	38,685	12,887	158	31,253	10,268	95	23,671	8,879	32	14,774	7,021	6	9,572	5,409	
15 - 19	101	40,212	13,615	128	37,364	13,857	56	29,261	11,723	27	20,066	13,431	5	7,785	7,832	
20 - 24	42	39,995	14,827	81	39,850	15,846	38	25,056	15,162	19	21,704	17,454	3	10,756	9,114	
25 - 29	26	44,075	21,668	36	38,697	21,464	20	31,920	20,848	9	22,605	20,868	4	14,443	15,938	
30 - 34	7	44,096	22,804	13	46,390	27,368	15	35,627	25,977	3	28,859	25,371	0	0	0	
35 & Over	0	0	0	3	30,801	20,411	1	37,830	32,073	0	0	0	0	0	0	
Total	354	38,375	13,792	453	34,875	13,649	255	26,091	12,454	104	19,135	12,592	19	10,683	8,727	
<b>Schools</b>																
Under 10	37	21,444	7,588	56	18,224	6,841	78	15,010	5,638	46	12,641	6,100	3	5,095	7,145	
10 - 14	153	26,293	8,701	312	23,690	7,495	254	19,863	6,416	142	9,585	4,425	16	6,270	3,802	
15 - 19	83	30,898	10,006	245	28,590	9,829	154	19,594	8,122	90	11,476	6,921	15	8,849	5,550	
20 - 24	54	31,306	12,967	101	29,575	12,600	83	20,386	11,040	34	14,963	10,595	3	7,506	4,615	
25 - 29	14	38,809	17,512	54	33,032	17,626	29	25,056	15,478	18	20,579	16,079	3	14,980	16,598	
30 - 34	10	36,381	18,673	21	43,476	23,653	5	18,759	14,398	4	28,466	24,583	2	8,823	10,327	
35 & Over	3	45,304	27,273	1	41,287	24,393	1	22,658	16,172	0	0	0	0	0	0	
Total	354	28,572	10,329	790	26,761	9,968	604	19,484	7,903	334	11,881	6,826	42	7,939	5,948	

# DISABILITY RETIREES: PFRS

As of March 31, 2004 — By age and years of service, number, average final average salary (FAS), and average pension (Avg Pen)

Nearest Age	Under 55			55-64			65-74			75-84			85 & Over			
	Yrs Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
<b>State</b>																
Under 10	17	47,068	26,790	39	36,440	20,310	38	22,964	15,905	13	10,860	17,112	4	6,996	20,829	
10 - 14	8	64,145	34,397	31	46,655	24,862	34	31,866	20,356	53	17,409	17,951	14	10,494	20,958	
15 - 19	1	74,276	37,138	27	57,169	29,517	51	40,876	25,227	107	23,046	19,901	24	15,943	19,685	
20 - 24	0	0	0	5	71,574	40,815	40	49,585	31,147	82	36,609	27,623	23	20,694	24,448	
25 - 29	0	0	0	0	0	0	16	62,938	40,436	38	46,474	33,323	9	22,683	22,798	
30 - 34	0	0	0	0	0	0	4	66,401	47,456	16	55,967	41,650	6	35,069	32,139	
35 & Over	0	0	0	0	0	0	2	78,072	58,525	6	81,940	61,966	4	49,844	42,148	
Total	26	53,369	29,528	102	46,754	25,136	185	40,286	25,853	315	30,746	24,993	84	19,612	23,549	
<b>Counties</b>																
Under 10	8	71,440	46,988	21	50,748	29,919	29	29,044	28,879	14	24,223	30,378	9	7,011	21,852	
10 - 14	10	86,497	59,195	40	72,920	44,395	133	39,129	31,541	47	28,508	28,152	9	10,026	21,919	
15 - 19	1	92,972	46,486	28	85,862	54,487	214	54,052	42,388	103	41,984	35,609	26	18,669	27,099	
20 - 24	0	0	0	9	91,354	66,120	187	69,035	52,894	166	56,944	45,157	31	34,294	34,576	
25 - 29	0	0	0	0	0	0	33	89,666	66,821	64	67,016	50,696	20	46,304	41,981	
30 - 34	0	0	0	0	0	0	10	103,517	72,791	12	78,025	61,329	16	62,967	50,046	
35 & Over	0	0	0	0	0	0	3	105,094	79,043	3	125,036	94,443	9	72,836	58,841	
Total	19	80,498	53,386	98	73,559	46,172	609	57,196	44,605	409	51,483	41,995	120	35,758	36,169	
<b>Cities</b>																
Under 10	22	45,851	28,809	44	40,976	24,182	40	25,376	19,294	10	14,114	20,430	7	6,660	19,344	
10 - 14	22	57,284	35,969	81	47,139	27,595	134	30,498	20,954	51	18,145	18,945	13	10,156	13,977	
15 - 19	2	37,742	22,033	66	57,046	35,733	166	36,588	25,590	94	27,654	22,170	29	13,792	15,155	
20 - 24	0	0	0	20	55,835	34,812	206	45,912	31,571	153	38,349	29,812	58	18,933	22,715	
25 - 29	0	0	0	2	70,682	53,011	59	59,662	39,320	125	43,500	30,906	77	26,360	24,734	
30 - 34	0	0	0	0	0	0	18	63,009	44,583	57	52,717	37,547	77	31,578	27,075	
35 & Over	0	0	0	0	0	0	0	0	0	15	60,916	41,804	26	39,219	34,109	
Total	46	50,966	31,939	213	49,973	30,328	623	40,590	28,015	505	37,405	28,606	287	24,940	24,217	
<b>Towns</b>																
Under 10	9	45,778	25,565	23	42,646	23,870	9	28,578	18,812	5	14,020	17,367	1	4,729	21,356	
10 - 14	8	57,603	38,655	32	56,743	33,173	54	32,696	21,963	23	24,955	21,619	3	8,720	20,551	
15 - 19	2	85,636	54,968	15	65,140	38,751	43	40,988	30,446	37	31,815	25,689	10	13,197	20,201	
20 - 24	0	0	0	16	73,462	45,921	62	55,408	38,983	39	44,754	34,292	7	25,105	27,380	
25 - 29	0	0	0	5	86,277	52,234	14	76,259	50,127	14	63,753	47,910	2	45,684	39,459	
30 - 34	0	0	0	0	0	0	3	90,886	53,810	5	75,839	57,774	5	41,276	37,551	
35 & Over	0	0	0	0	0	0	0	0	0	1	81,111	60,833	1	105,436	81,533	
Total	19	54,953	34,172	91	59,127	35,030	185	46,275	32,134	124	39,673	31,390	29	25,579	28,444	
<b>Villages</b>																
Under 10	6	45,777	27,693	25	40,534	23,225	26	23,344	19,820	8	14,677	19,491	1	5,477	19,525	
10 - 14	7	75,628	51,935	31	57,093	35,035	35	38,271	25,675	27	21,185	19,698	1	5,469	14,737	
15 - 19	3	81,351	49,159	28	67,609	41,482	56	48,538	34,718	34	32,679	26,470	9	13,884	16,867	
20 - 24	0	0	0	11	69,852	41,116	44	61,772	43,062	35	44,108	34,068	10	17,954	20,129	
25 - 29	0	0	0	2	94,381	59,459	12	66,173	43,117	14	60,702	40,231	8	31,534	24,135	
30 - 34	0	0	0	0	0	0	3	79,804	60,378	3	65,829	52,036	8	45,662	35,888	
35 & Over	0	0	0	0	0	0	1	84,458	42,229	1	42,109	32,050	3	58,690	49,073	
Total	16	65,507	42,323	97	58,076	35,046	177	48,025	33,862	122	36,342	28,947	40	27,727	25,369	
<b>Miscellaneous</b>																
Under 10	2	66,913	33,825	15	54,281	31,179	17	38,715	27,634	0	0	0	0	0	0	
10 - 14	0	0	0	16	68,167	37,988	29	55,078	34,386	6	32,818	16,716	0	0	0	
15 - 19	0	0	0	8	85,314	53,971	50	62,489	43,898	14	40,795	29,114	6	13,542	17,511	
20 - 24	0	0	0	5	95,048	66,549	46	84,703	58,549	12	64,913	45,366	3	27,622	27,650	
25 - 29	0	0	0	1	110,325	82,744	11	106,406	77,270	4	60,189	36,103	4	48,683	37,098	
30 - 34	0	0	0	0	0	0	2	78,645	50,877	2	71,591	56,161	1	161,798	123,642	
35 & Over	0	0	0	0	0	0	0	0	0	1	184,455	140,179	2	39,587	34,849	
Total	2	66,913	33,825	45	70,510	42,728	155	68,413	47,141	39	54,240	37,159	16	37,489	33,109	

# NEW OPTION SELECTIONS

<b>ERS Females</b>											
Options	2000		2001		2002		2003		2004		
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	
Single Life Allowance*	5,893	71,552,390	4,563	59,508,416	6,452	99,176,118	5,677	96,067,432	8,243	149,496,797	
Cash Refund	256	4,229,646	261	3,338,927	379	7,320,376	331	6,721,903	420	8,894,146	
Joint Allowance – Full	395	3,173,518	348	2,805,305	474	4,593,304	468	5,021,081	641	8,048,890	
Joint Allowance – Half	112	1,565,004	82	1,203,429	124	2,225,908	140	2,634,771	143	3,004,288	
Five Years Certain	154	2,196,755	122	1,668,685	162	2,784,787	172	3,226,648	222	4,557,326	
Ten Years Certain	325	3,170,088	273	3,186,206	376	4,978,966	380	5,798,993	462	7,596,080	
Pop-Up – Full	431	4,554,438	426	4,563,098	672	9,099,569	640	9,728,746	1,006	15,502,992	
Pop-Up – Half	457	6,899,397	362	6,330,918	581	11,329,223	602	12,501,668	911	20,663,873	
Other (Option 4)	30	357,249	60	869,566	107	1,418,942	152	2,656,713	319	7,655,101	
<b>Total</b>	<b>8,053</b>	<b>\$97,698,485</b>	<b>6,497</b>	<b>\$83,474,550</b>	<b>9,327</b>	<b>\$142,927,193</b>	<b>8,562</b>	<b>\$144,357,955</b>	<b>12,367</b>	<b>\$225,419,493</b>	

<b>ERS Males</b>											
Options	2000		2001		2002		2003		2004		
	Number	\$ Amount	Number	\$ Amount							
Single Life Allowance*	2,761	53,753,892	1,985	36,768,135	2,894	68,716,452	2,548	65,644,897	4,000	111,058,334	
Cash Refund	259	6,560,543	232	5,092,435	326	9,700,379	266	8,278,893	306	10,077,292	
Joint Allowance – Full	1,498	27,005,312	1,183	21,450,120	1,743	39,038,673	1,593	38,399,014	2,225	59,373,089	
Joint Allowance – Half	396	11,187,268	278	8,298,450	406	13,683,394	423	15,755,710	570	22,133,780	
Five Years Certain	87	1,657,522	62	1,266,056	83	2,164,035	70	1,569,497	98	2,872,636	
Ten Years Certain	229	3,723,345	197	3,371,337	268	5,870,393	183	4,415,259	345	9,282,052	
Pop-Up – Full	827	13,930,498	791	13,744,159	1,297	30,205,030	1,212	30,010,166	1,897	49,956,113	
Pop-Up – Half	561	14,835,873	426	11,786,554	797	26,656,329	798	27,398,620	1,236	44,375,187	
Other (Option 4)	117	3,217,485	136	2,964,676	211	6,330,608	311	11,516,279	606	23,024,243	
<b>Total</b>	<b>6,735</b>	<b>\$135,871,738</b>	<b>5,290</b>	<b>\$104,741,922</b>	<b>8,025</b>	<b>\$202,365,293</b>	<b>7,404</b>	<b>\$202,988,335</b>	<b>11,283</b>	<b>\$332,152,726</b>	

<b>PFRS Females</b>											
Options	2000		2001		2002		2003		2004		
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	
Single Life Allowance*	21	692,914	16	681,034	23	943,975	20	914,770	25	1,291,734	
Cash Refund	0	0	1	36,475	0	0	0	0	0	0	
Joint Allowance - Full	0	0	3	74,856	4	116,658	2	58,744	3	93,926	
Joint Allowance - Half	0	0	0	0	1	27,365	0	0	0	0	
Five Years Certain	0	0	0	0	1	34,374	2	52,058	1	45,711	
Ten Years Certain	2	61,713	2	65,370	1	28,202	3	105,411	4	196,304	
Pop-Up - Full	2	61,416	2	67,720	7	231,166	4	187,041	5	203,594	
Pop-Up - Half	3	84,418	2	72,500	3	87,374	2	114,368	3	122,261	
Other (Option 4)	0	0	0	0	0	0	0	0	3	199,565	
<b>Total</b>	<b>28</b>	<b>\$900,461</b>	<b>26</b>	<b>\$997,955</b>	<b>40</b>	<b>\$1,469,114</b>	<b>33</b>	<b>\$1,432,392</b>	<b>44</b>	<b>\$2,153,095</b>	

<b>PFRS Males</b>											
Options	2000		2001		2002		2003		2004		
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	
Single Life Allowance*	357	14,107,363	327	15,241,316	386	18,597,782	342	18,258,385	340	17,659,393	
Cash Refund	49	2,349,830	59	3,907,362	46	2,604,967	58	3,723,502	36	2,140,713	
Joint Allowance - Full	118	4,008,404	124	4,864,840	182	7,905,730	194	8,146,033	157	7,122,604	
Joint Allowance - Half	70	3,504,797	59	3,235,217	74	4,163,052	181	11,939,440	68	4,258,224	
Five Years Certain	11	560,426	4	189,972	7	448,493	9	684,330	2	41,229	
Ten Years Certain	39	1,492,248	46	1,904,061	46	2,142,703	41	2,240,362	35	1,649,243	
Pop-Up - Full	88	2,639,376	113	4,169,466	193	7,604,346	172	7,219,838	179	8,624,795	
Pop-Up - Half	99	4,242,351	126	6,833,062	150	8,409,546	62	4,067,760	168	10,972,757	
Other (Option 4)	12	753,372	48	3,154,143	64	4,220,282	84	6,180,180	78	5,759,184	
<b>Total</b>	<b>843</b>	<b>\$33,658,167</b>	<b>906</b>	<b>\$43,499,439</b>	<b>1,148</b>	<b>\$56,096,901</b>	<b>1,143</b>	<b>\$62,459,830</b>	<b>1,063</b>	<b>\$58,228,142</b>	

\*Includes Option 0 and 5

# OPTION SELECTIONS — TOTAL PAYMENTS

<b>ERS Females</b>										
Options	2000		2001		2002		2003		2004	
	Number	\$ Amount								
Single Life Allowance*	98,168	822,970,710	99,265	863,846,706	102,399	944,714,162	104,621	1,020,639,541	109,422	1,150,128,802
Cash Refund	15,543	93,171,660	14,907	92,825,438	14,396	96,542,914	13,812	99,288,876	13,462	104,808,828
Joint Allowance - Full	4,048	23,582,529	4,213	25,394,842	4,497	29,041,050	4,741	32,760,780	5,168	39,392,798
Joint Allowance - Half	2,451	21,721,497	2,425	22,255,498	2,453	23,823,520	2,497	25,816,131	2,525	27,958,816
Five Years Certain	3,909	33,499,837	3,933	34,417,430	3,974	36,449,354	4,018	38,761,831	4,121	42,440,866
Ten Years Certain	4,881	33,029,956	5,027	35,423,257	5,245	39,384,605	5,446	43,957,429	5,741	50,259,750
Pop-Up - Full	3,492	26,925,295	3,850	31,168,544	4,445	39,777,929	5,003	49,123,842	5,906	63,994,049
Pop-Up - Half	5,658	62,745,764	5,912	68,311,993	6,374	78,733,312	6,869	90,454,887	7,660	110,073,323
Other (Option 4)	175	1,896,497	580	5,239,458	670	6,530,507	804	9,045,287	1,108	16,594,148
<b>Total</b>	<b>138,325</b>	<b>\$1,119,543,745</b>	<b>140,112</b>	<b>\$1,178,883,166</b>	<b>144,453</b>	<b>\$1,294,997,353</b>	<b>147,811</b>	<b>\$1,409,848,604</b>	<b>155,113</b>	<b>\$1,605,651,380</b>

<b>ERS Males</b>										
Single Life Allowance*	47,847	702,603,272	47,398	719,396,532	48,242	771,256,736	48,706	817,069,001	50,692	907,947,398
Cash Refund	10,899	118,821,495	10,307	118,102,186	9,814	122,049,240	9,272	124,429,451	8,868	128,481,686
Joint Allowance - Full	18,728	251,923,615	19,073	265,233,277	19,899	295,383,040	20,548	323,378,306	21,751	371,768,536
Joint Allowance - Half	11,160	206,275,209	10,884	208,268,467	10,714	215,793,664	10,537	224,319,450	10,614	239,819,822
Five Years Certain	2,334	34,232,697	2,313	34,787,620	2,276	35,683,866	2,255	36,238,185	2,254	37,952,604
Ten Years Certain	4,286	51,771,106	4,305	53,825,167	4,381	58,229,496	4,366	60,773,072	4,504	68,063,497
Pop-Up - Full	6,093	77,023,880	6,698	89,179,010	7,772	117,712,669	8,755	145,048,917	10,423	192,863,128
Pop-Up - Half	7,142	142,886,340	7,384	152,200,352	7,985	176,620,355	8,533	200,122,671	9,517	240,742,988
Other (Option 4)	899	21,261,375	1,442	27,504,268	1,598	33,109,984	1,862	44,047,156	2,405	66,175,228
<b>Total</b>	<b>109,388</b>	<b>\$1,606,798,989</b>	<b>109,804</b>	<b>\$1,668,496,879</b>	<b>112,681</b>	<b>\$1,825,839,049</b>	<b>114,834</b>	<b>\$1,975,426,209</b>	<b>121,028</b>	<b>\$2,253,814,887</b>

<b>PFRS Females</b>										
Single Life Allowance*	184	4,406,929	193	5,027,119	213	5,969,827	232	6,850,636	254	8,089,776
Cash Refund	5	104,720	5	140,064	5	140,064	5	140,064	5	140,064
Joint Allowance - Full	1	29,964	4	104,820	7	192,573	9	251,350	12	345,634
Joint Allowance - Half	3	88,826	3	90,293	4	117,658	4	117,693	4	117,693
Five Years Certain	3	38,848	3	38,848	4	73,222	6	125,280	7	171,412
Ten Years Certain	15	388,808	17	454,313	18	482,650	21	588,180	25	785,192
Pop-Up - Full	6	159,860	8	227,580	16	503,107	20	691,326	25	896,179
Pop-Up - Half	6	187,215	8	259,715	11	353,626	13	471,293	16	595,149
Other (Option 4)	0	0	0	0	0	0	0	0	3	199,565
<b>Total</b>	<b>223</b>	<b>\$5,405,170</b>	<b>241</b>	<b>\$6,342,752</b>	<b>278</b>	<b>\$7,832,727</b>	<b>310</b>	<b>\$9,235,822</b>	<b>351</b>	<b>\$11,340,664</b>

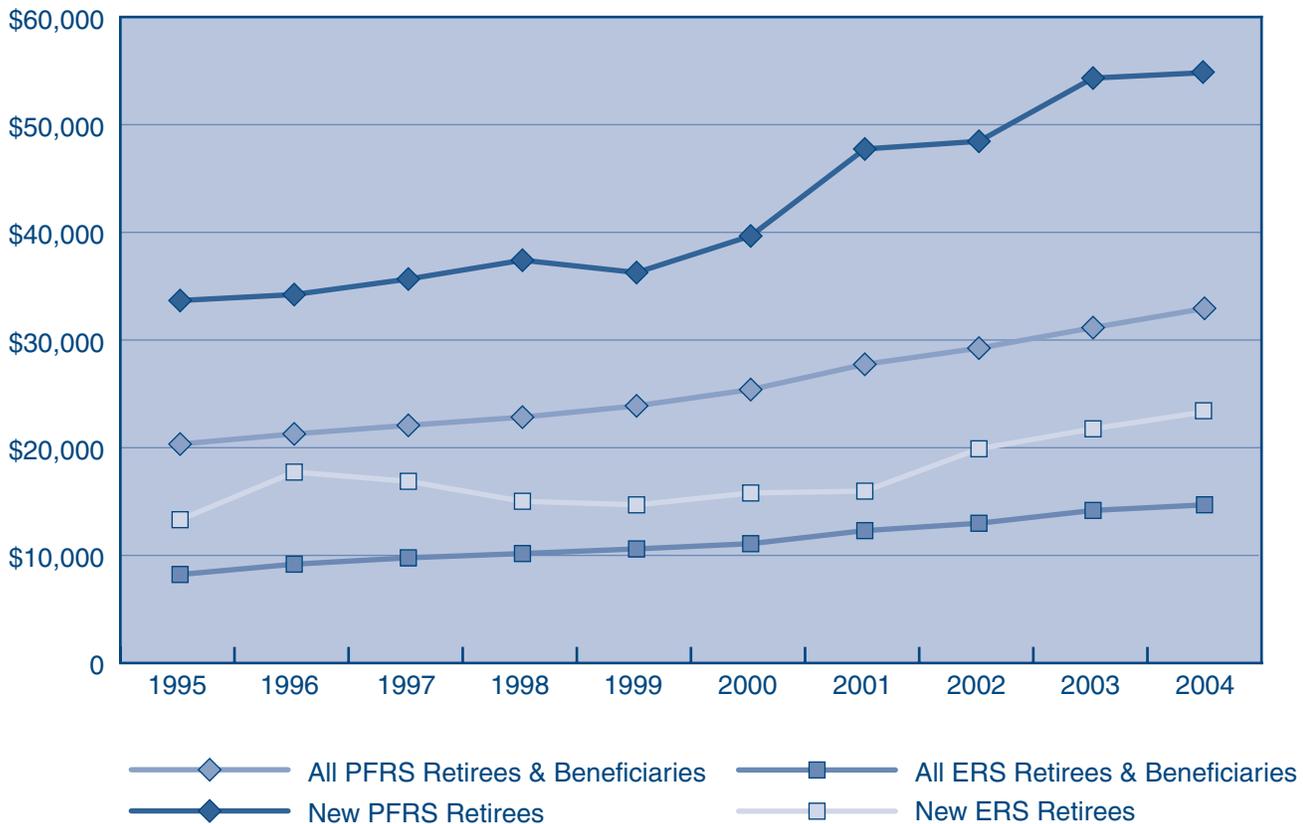
<b>PFRS Males</b>										
Single Life Allowance*	15,162	350,559,604	15,173	361,649,048	15,209	375,729,594	15,193	388,818,332	15,195	401,359,170
Cash Refund	2,119	50,445,279	2,113	52,579,862	2,101	54,259,642	2,092	56,821,255	2,059	57,736,722
Joint Allowance - Full	1,190	29,080,830	1,288	33,652,427	1,425	40,692,808	1,572	47,386,659	1,695	53,764,144
Joint Allowance - Half	1,215	33,933,282	1,238	36,588,741	1,265	40,113,400	1,287	43,573,216	1,315	47,079,067
Five Years Certain	426	11,617,875	422	11,639,068	414	11,709,742	413	12,134,002	405	11,969,026
Ten Years Certain	1,325	33,879,941	1,332	34,867,196	1,347	36,349,552	1,359	37,845,908	1,374	39,107,855
Pop-Up - Full	542	11,628,493	646	15,722,862	825	23,148,637	1,008	31,078,981	1,175	39,254,067
Pop-Up - Half	993	31,813,411	1,107	38,392,914	1,235	46,678,219	1,397	58,223,028	1,541	68,595,031
Other (Option 4)	72	2,925,888	118	6,028,624	181	10,410,770	260	16,455,410	332	21,944,909
<b>Total</b>	<b>23,045</b>	<b>\$555,884,603</b>	<b>23,437</b>	<b>\$591,120,742</b>	<b>24,002</b>	<b>\$639,092,364</b>	<b>24,581</b>	<b>\$692,336,791</b>	<b>25,091</b>	<b>\$740,809,991</b>

\* Includes Option 0 and 5

# AVERAGE PENSION BENEFITS PAID DURING YEAR SHOWN

Average benefit payments to all pensioners receiving benefits during the year compared with average benefit payments to new retirees during the year.

Year	ERS		PFRS	
	All Retirees & Beneficiaries	New Retirees	All Retirees & Beneficiaries	New Retirees
1995	\$8,226	\$13,313	\$20,337	\$33,670
1996	9,183	17,735	21,281	34,223
1997	9,775	16,878	22,077	35,664
1998	10,171	15,026	22,838	37,413
1999	10,603	14,693	23,889	36,266
2000	11,086	15,795	25,098	39,677
2001	12,299	15,968	27,745	47,744
2002	12,984	19,899	29,246	48,456
2003	14,176	21,755	31,154	54,330
2004	14,651	23,576	33,022	54,545



# AVERAGE BENEFIT PAY TYPES

## New Benefits: ERS

These tables show the average unmodified retirement allowance awarded to Employees' Retirement System members retiring during the fiscal year ending March 31, 2004. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary (FAS) of the grouping.

### New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	36	\$494	5
5-9	1,068	3,063	11
10-14	2,981	5,335	18
15-19	2,730	9,238	25
20-24	3,170	16,957	40
25-29	2,785	24,324	51
30-34	3,225	33,730	63
35-39	4,315	42,434	72
40 & Over	2,390	49,351	81
<b>Total</b>	<b>22,700</b>	<b>\$25,363</b>	<b>49</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	6	\$11,497	33
5-9	13	10,957	31
10-14	243	11,316	30
15-19	252	12,565	31
20-24	197	15,234	35
25-29	65	20,081	45
30-34	82	22,971	52
35-39	13	28,754	59
40 & Over	2	26,221	90
<b>Total</b>	<b>873</b>	<b>\$14,598</b>	<b>35</b>

## New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	5	27,541	74
10-14	1	11,018	39
15-19	4	31,406	71
20-24	3	35,441	72
25-29	4	44,350	74
30-34	2	43,076	75
35-39	0	0	0
40 & Over	0	0	0
<b>Total</b>	<b>19</b>	<b>\$33,906</b>	<b>71</b>

## New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$22,731	74
5-9	3	35,823	74
10-14	13	43,376	74
15-19	21	42,061	72
20-24	15	52,743	74
25-29	4	40,473	74
30-34	1	37,659	75
35-39	0	0	0
40 & Over	0	0	0
<b>Total</b>	<b>58</b>	<b>\$44,277</b>	<b>73</b>

## New Benefits: PFRS

These tables show the average unmodified retirement allowance awarded to Police and Fire Retirement System members retiring during the fiscal year ending March 31, 2004. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary (FAS) of the grouping.

### New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	2	\$224	3
5-9	8	2,704	11
10-14	32	4,975	20
15-19	15	10,567	27
20-24	224	39,536	51
25-29	191	55,508	58
30-34	306	75,389	67
35-39	163	79,008	73
40 & Over	14	62,019	79
<b>Total</b>	<b>955</b>	<b>\$59,281</b>	<b>60</b>

### New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	0	0	0
10-14	3	25,140	38
15-19	3	21,039	33
20-24	2	20,795	42
25-29	0	0	0
30-34	0	0	0
35-39	0	0	0
40 & Over	1	50,843	79
<b>Total</b>	<b>9</b>	<b>\$25,663</b>	<b>42</b>

## New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	7	42,983	71
10-14	17	59,138	73
15-19	29	57,852	72
20-24	19	64,504	75
25-29	12	62,226	74
30-34	7	55,720	74
35-39	5	74,018	75
40 & Over	0	0	0
<b>Total</b>	<b>96</b>	<b>\$59,545</b>	<b>73</b>

### New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$0	0
5-9	7	32,899	53
10-14	5	34,989	49
15-19	10	33,638	50
20-24	12	38,810	49
25-29	11	36,322	50
30-34	2	36,934	49
35-39	1	30,731	50
40 & Over	0	0	0
<b>Total</b>	<b>48</b>	<b>\$35,656</b>	<b>50</b>

# NEW BENEFITS — SERVICE RETIREMENTS BY AGE AND SERVICE

During the fiscal year ending March 31, 2004 — Number retiring, average Single Life Allowance, average allowance as a percentage of average final average salary

<b>ERS</b>												
<b>Age at Retirement</b>	<b>50-59</b>			<b>60-64</b>			<b>65-69</b>			<b>70 &amp; Over</b>		
	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>
<b>Yrs of Service</b>												
Under 5	2	\$384	5	6	\$953	4	5	\$483	5	23	\$403	5
5-9	342	2,528	9	354	3,476	11	205	3,331	12	167	2,978	12
10-14	1,572	4,219	17	730	6,446	19	443	6,884	19	236	6,432	20
15-19	1,078	7,533	23	903	10,102	27	498	10,990	27	251	9,981	28
20-24	1,071	15,539	37	1,264	17,402	42	580	18,422	43	255	17,375	43
25-29	1,230	24,920	50	1,030	23,520	52	367	24,830	53	158	23,754	52
30-34	1,886	34,843	63	913	31,659	63	288	32,877	63	138	34,007	63
35-39	3,204	42,146	72	785	42,661	73	206	44,615	73	120	44,898	73
40 & Over	1,367	46,467	80	734	52,269	82	168	54,092	84	121	57,646	86
<b>Total</b>	<b>11,752</b>	<b>\$27,840</b>	<b>52</b>	<b>6,719</b>	<b>\$24,117</b>	<b>48</b>	<b>2,760</b>	<b>\$20,562</b>	<b>42</b>	<b>1,469</b>	<b>\$20,265</b>	<b>41</b>

<b>PFRS</b>												
<b>Age at Retirement</b>	<b>40-49*</b>			<b>50-54</b>			<b>55-59</b>			<b>60 &amp; Over</b>		
	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>	<b>Number</b>	<b>Allowance</b>	<b>%</b>
<b>Yrs of Service</b>												
Under 5	0	\$0	0	0	\$0	0	0	\$0	0	2	\$224	3
5-9	0	0	0	0	0	0	5	2,294	11	3	3,389	11
10-14	0	0	0	0	0	0	30	4,566	19	0	0	0
15-19	0	0	0	0	0	0	15	10,567	27	2	11,114	35
20-24	158	39,794	51	55	40,476	51	8	32,309	51	3	27,990	48
25-29	12	44,539	55	112	57,590	57	66	54,354	58	1	30,107	64
30-34	0	0	0	66	81,844	66	188	76,577	68	52	62,900	67
35-39	0	0	0	1	51,585	68	95	80,561	73	67	77,215	73
40 & Over	0	0	0	0	0	0	0	0	0	14	62,019	79
<b>Total</b>	<b>170</b>	<b>\$40,129</b>	<b>51</b>	<b>234</b>	<b>\$60,383</b>	<b>58</b>	<b>407</b>	<b>\$64,380</b>	<b>61</b>	<b>144</b>	<b>\$66,612</b>	<b>69</b>

\*Does not include any retirees less than age 40.

# NEW BENEFITS — ORDINARY AND ACCIDENTAL DEATH

During fiscal year ending March 31, 2004 — The Employees' Retirement System approved four accidental death benefits, averaging \$42,890 per year. In the Police and Fire Retirement System, two accidental death benefits were approved, averaging \$32,795 per year.

## Ordinary Death Benefits

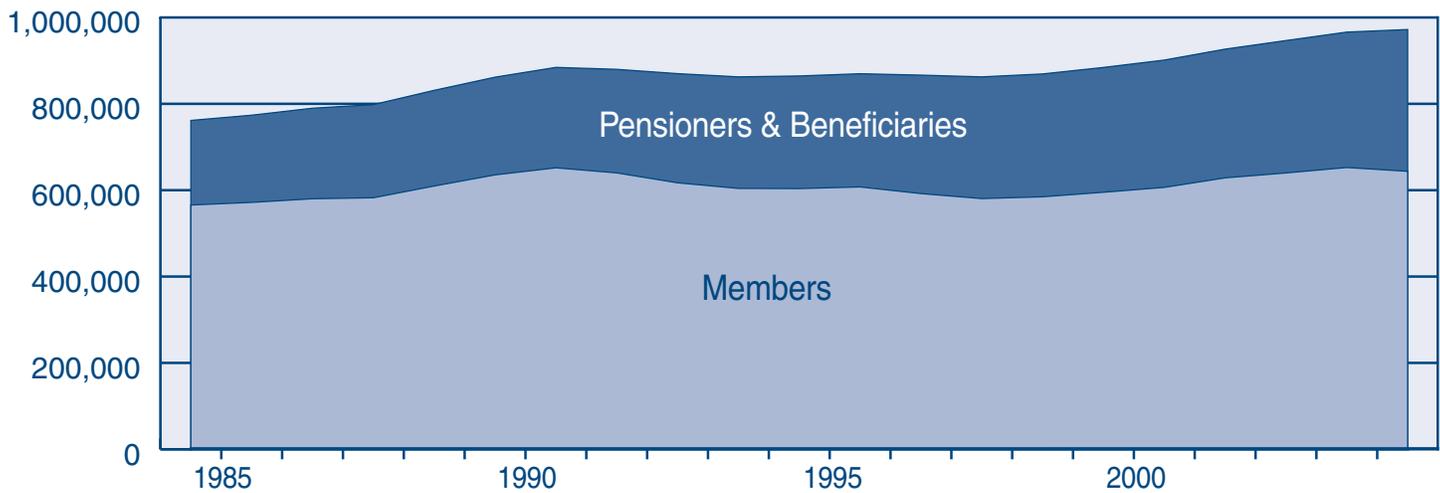
Years of Service	ERS			PFRS		
	Number Paid	Average Benefit	Percentage of Salary	Number Paid	Average Benefit	Percentage of Salary
Under 5	139	\$59,444	199.4	2	\$127,452	300.6
5-9	168	91,326	275.2	4	168,014	300.6
10-14	221	90,856	236.0	4	225,250	300.9
15-19	179	106,998	253.3	9	232,000	300.7
20-24	137	127,415	268.5	2	417,571	504.8
25-29	76	147,330	281.4	6	742,244	755.1
30-34	50	209,738	407.2	5	520,802	747.7
35-39	15	400,391	664.5	1	420,998	715.8
40 & Over	7	406,153	595.5	0	0	0.0
<b>Total</b>	<b>992</b>	<b>\$111,720</b>	<b>266.0</b>	<b>33</b>	<b>\$370,593</b>	<b>476.0</b>

# SCHEDULE OF ADMINISTRATIVE EXPENSES

For fiscal year ending March 31, 2004

	<b>TOTAL</b>	<b>ERS</b>	<b>PFRS</b>
<b>Personal Services:</b>			
Salaries	\$35,190,675	\$30,276,481	\$4,914,195
Fringe Benefits	13,251,826	11,396,571	1,855,256
Overtime Salaries	2,163,730	1,860,808	302,922
Total	\$50,606,231	\$43,533,860	\$7,072,373
<b>Building Occupancy Expenses:</b>			
Building, Lease, Condo Fees	\$3,802,101	\$3,611,996	\$190,105
Telephone	946,337	842,240	104,097
Utilities and Muni. Assess.	633,864	602,171	31,693
Office Sup. & Services	372,022	297,618	74,404
Total	\$5,754,324	\$5,354,025	\$400,299
<b>Computer Expenses:</b>			
Mainframe Operation	\$6,800,000	\$6,460,000	\$340,000
IT Hardware Lease/Purchase	1,100,641	1,045,609	55,032
IT Supplies and Maintenance	443,921	421,725	22,196
Total	\$8,344,562	\$7,927,334	\$417,228
<b>Personnel and Operating Expenses:</b>			
Postage	\$1,219,322	\$1,085,197	\$134,125
Travel	652,569	548,158	104,411
Printing	579,885	516,098	63,787
Training	146,866	127,773	19,093
Publications	73,985	65,846	8,138
Total	\$2,672,627	\$2,343,072	\$329,554
<b>Professional Expenses:</b>			
Medical/Clinical Services	\$1,560,246	\$1,357,414	\$202,832
Contractual Consulting Services	674,665	613,898	60,768
Total	\$2,234,911	\$1,971,312	\$263,600
<b>Grand Total</b>	<b>\$69,612,655</b>	<b>\$61,129,603</b>	<b>\$8,483,054</b>

# COMBINED SYSTEMS PARTICIPANTS



<b>Fiscal Year</b>	<b>Members</b>	<b>% Changed</b>	<b>Pensioners Beneficiaries</b>	<b>% Changed</b>	<b>Total Participants</b>	<b>% Changed</b>
1985	569,729	1	201,964	3	771,693	2
1986	578,174	1	209,686	4	787,860	2
1987	580,474	*	215,703	3	796,177	1
1988	607,649	5	221,594	3	829,243	4
1989	633,468	4	226,261	2	859,729	4
1990	649,847	3	232,563	3	882,410	3
1991	638,049	(2)	239,835	3	877,884	(1)
1992	615,114	(4)	252,812	5	867,926	(1)
1993	602,133	(2)	258,294	2	860,427	(1)
1994	601,710	*	260,788	1	862,498	*
1995	605,544	1	262,187	1	867,731	1
1996	590,130	(3)	274,330	5	864,460	0
1997	578,566	(2)	281,863	3	860,429	0
1998	582,689	1	284,515	1	867,204	1
1999	593,188	2	289,046	2	882,234	2
2000	604,479	2	294,835	2	899,314	2
2001	626,565	4	298,078	1	924,643	3
2002	637,896	2	306,604	3	944,500	2
2003	650,543	2	313,597	2	964,140	2
2004	641,721	(1)	328,357	5	970,078	1

\*Less than 1%

# MEMBERSHIP BY AGE AND YEARS OF SERVICE

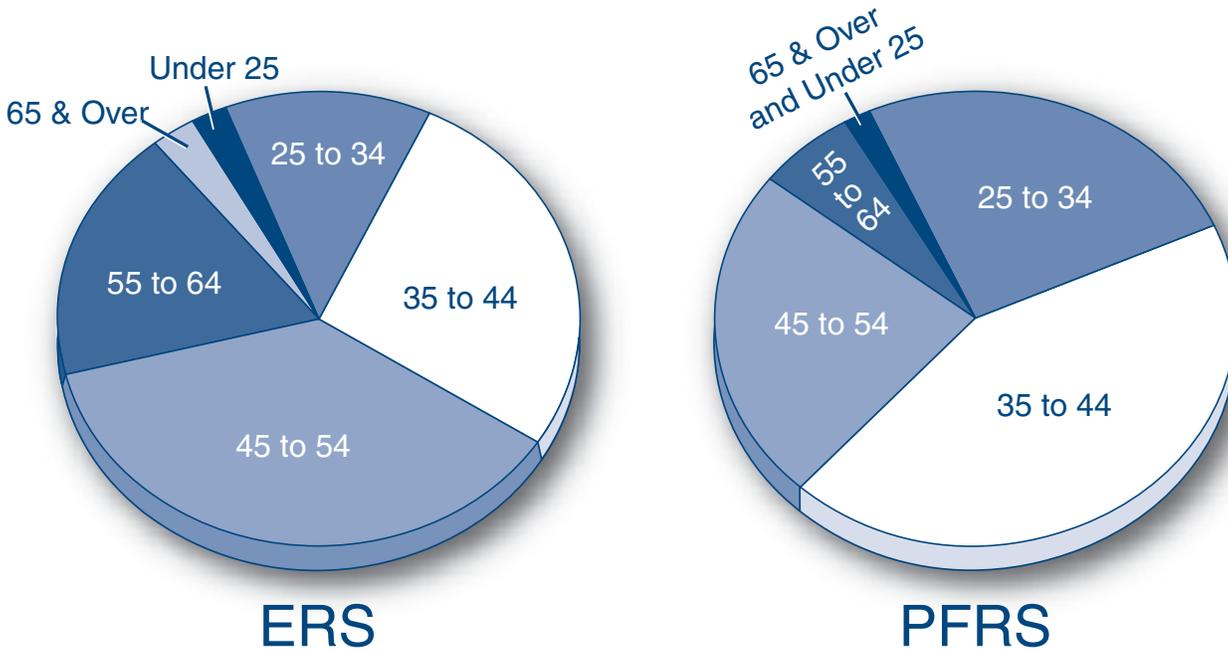
As of March 31, 2004

ERS												
Age	Total		Years of Service									
	Number	Percent	0-4		5-9		10-19		20-29		30 & Over	
			Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	606,155	100.00	170,065	28.06	110,829	18.28	193,750	31.96	100,338	16.55	31,173	5.14
Under 25	14,876	2.45	14,354	2.37	522	0.09	0	0.00	0	0.00	0	0.00
25-34	76,724	12.66	48,408	7.99	21,843	3.60	6,473	1.07	0	0.00	0	0.00
35-44	165,538	27.31	50,982	8.41	36,202	5.97	64,987	10.72	13,367	2.21	0	0.00
45-54	222,794	36.76	39,658	6.54	35,108	5.79	76,627	12.64	56,042	9.25	15,359	2.53
55-64	110,140	18.17	14,580	2.41	14,828	2.45	39,808	6.57	27,151	4.48	13,773	2.27
65 & Over	16,083	2.65	2,083	0.34	2,326	0.38	5,855	0.97	3,778	0.62	2,041	0.34

PFRS												
Age	Total		Years of Service									
	Number	Percent	0-4		5-9		10-19		20-29		30 & Over	
			Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	35,566	100.00	6,954	19.55	5,493	15.44	14,629	41.13	6,062	17.04	2,428	6.83
Under 25	541	1.52	538	1.51	3	0.01	0	0.00	0	0.00	0	0.00
25-34	8,845	24.87	4,799	13.49	2,881	8.10	1,165	3.28	0	0.00	0	0.00
35-44	15,508	43.60	1,409	3.96	2,270	6.38	10,802	30.37	1,027	2.89	0	0.00
45-54	8,413	23.65	168	0.47	292	0.82	2,449	6.89	4,550	12.79	954	2.68
55-64	2,195	6.17	37	0.10	39	0.11	206	0.58	479	1.35	1,434	4.03
65 & Over	64	0.18	3	0.01	8	0.02	7	0.02	6	0.02	40	0.11

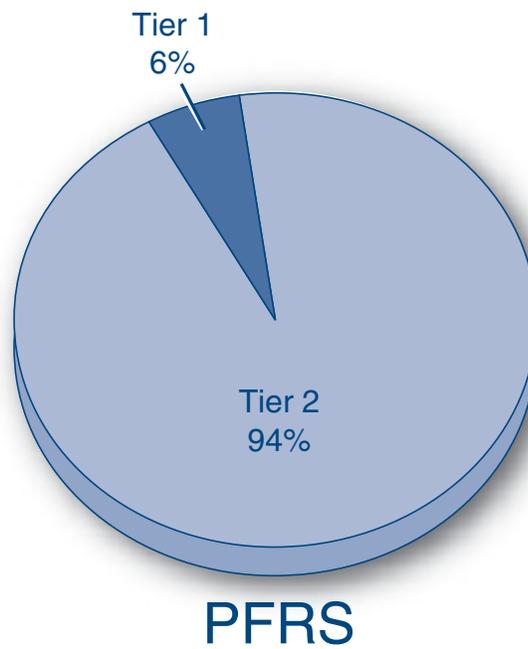
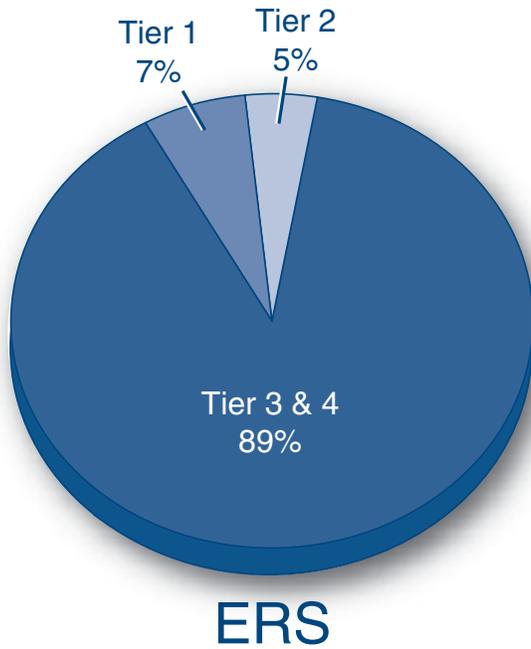
Chart of Distribution by Age



# MEMBERSHIP BY TIER

As of March 31, 2004

	ERS		PFRS		Total	
	Number	Percent	Number	Percent	Number	Percent
Tier 1	39,622	7%	2,076	6%	41,698	6%
Tier 2	27,398	5%	33,490	94%	60,888	9%
Tier 3 & 4	539,135	89%	-	-	539,135	84%
<b>Total</b>	<b>606,155</b>	<b>100%</b>	<b>35,566</b>	<b>100%</b>	<b>641,721</b>	<b>100%</b>



# MEMBERSHIP BY STATUS

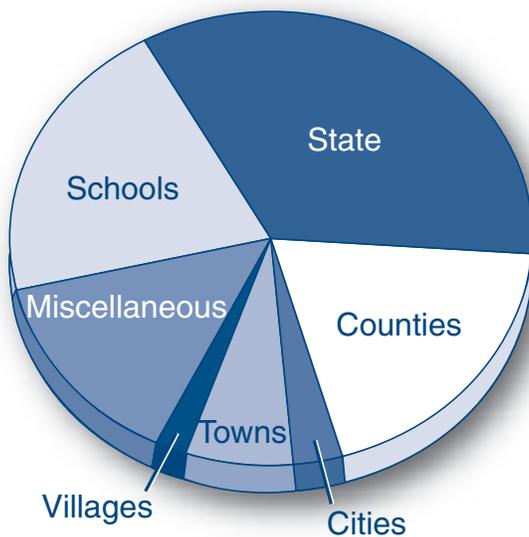
	ERS			PFRS		
	Active	Inactive	Total	Active	Inactive	Total
1995	492,006	77,292	569,298	31,733	4,513	36,246
1996	481,901	71,748	553,649	31,874	4,607	36,481
1997	474,697	68,966	543,663	31,735	3,168	34,903
1998	478,508	69,297	547,805	31,912	2,972	34,884
1999	486,781	71,455	558,236	32,067	2,885	34,952
2000	494,545	74,824	569,369	31,955	3,155	35,110
2001	507,037	83,922	590,959	32,220	3,386	35,606
2002	512,209	90,219	602,428	32,321	3,147	35,468
2003	502,872	111,683	614,555	32,419	3,569	35,988
2004	507,241	98,914	606,155	32,359	3,207	35,566

# MEMBERSHIP BY EMPLOYER TYPE\*

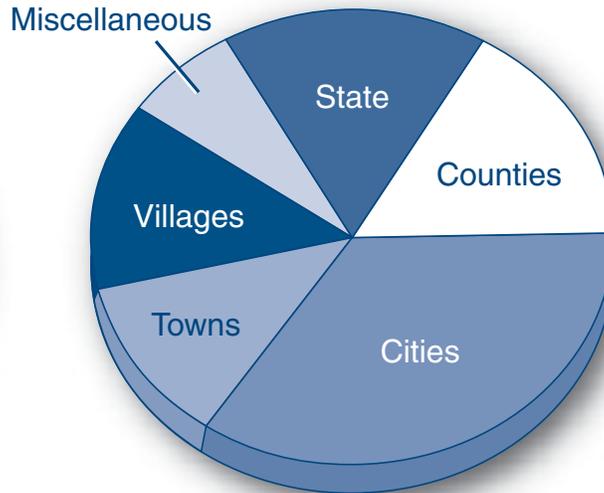
As of March 31, 2004

	ERS		PFRS		Total	
	Total**	Active	Total**	Active	Total**	Active
State	207,641	176,028	5,898	5,369	213,539	181,397
Counties	117,514	96,558	5,814	5,518	123,328	102,076
Cities	18,933	15,512	12,374	11,434	31,307	26,946
Towns	39,841	34,026	4,231	3,797	44,072	37,823
Villages	12,878	10,647	4,732	3,889	17,610	14,536
Misc.	85,732	70,091	2,517	2,352	88,249	72,443
Schools	123,616	104,379	—	—	123,616	104,379
<b>Total</b>	<b>606,155</b>	<b>507,241</b>	<b>35,566</b>	<b>32,359</b>	<b>641,721</b>	<b>539,600</b>

\*\*Total includes inactive members identified with their last employer as active members.



ERS



PFRS

\* A detailed listing of participating employers as of March 31, 2004, is on our website at [www.osc.state.ny.us/retire/employers/index.htm](http://www.osc.state.ny.us/retire/employers/index.htm).

# NUMBER OF EMPLOYERS

As of fiscal year ending March 31, 2004

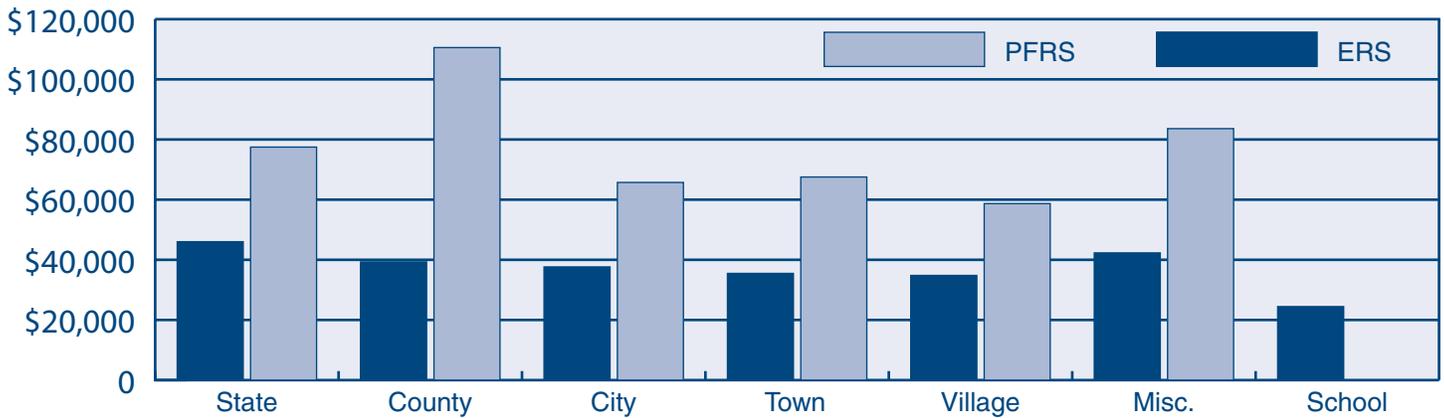
Category	ERS	PFRS
State	1	1
Counties	57	4
Cities	61	61
Towns	904	205
Villages	487	381
Misc.	748	32
Schools	701	0
<b>Total</b>	<b>2,959</b>	<b>684</b>

# AVERAGE SALARY BY EMPLOYER TYPE

Fiscal year ending March 31, 2004

<b>ERS</b>			
	<b>Average Salary</b>	<b>Members*</b>	<b>Total Salaries</b>
State	\$46,018	176,028	\$8,100,532,168
Counties	39,304	96,558	3,795,141,457
Cities	37,643	15,512	583,920,060
Towns	35,488	34,026	1,207,515,635
Villages	34,806	10,647	370,581,719
Misc	42,305	70,091	2,965,176,890
Schools	24,451	104,379	2,552,215,506
<b>Total</b>	<b>\$38,591</b>	<b>507,241</b>	<b>\$19,575,083,435</b>
<b>PFRS</b>			
State	\$77,481	5,369	\$415,992,838
Counties	110,560	5,518	610,067,673
Cities	65,726	11,434	751,505,609
Towns	67,527	3,797	256,399,657
Villages	58,687	3,889	228,232,646
Misc	83,620	2,352	196,674,046
<b>Total</b>	<b>\$75,987</b>	<b>32,359</b>	<b>\$2,458,872,469</b>

\*Active members receiving salary.



## MEMBERS AND SALARIES BY PLAN: ERS

As of March 31, 2004

	<b>Tier 1</b>	<b>Tier 1 Salaries</b>	<b>Tier 2</b>	<b>Tier 2 Salaries</b>
Age 55/60 Contributory	17	\$518,763	13	\$458,429
Age 55 75-c	164	5,088,595	151	4,662,117
Age 55 75-e	39	1,221,759	42	1,402,281
Age 55 75-g	443	18,062,099	299	12,787,129
Age 55 75-h	14,794	837,558,506	9,568	538,779,382
Age 55 75-i	15,635	754,818,278	11,176	533,108,030
Reg CO/SHTA ¾ Dis	37	2,741,620	11	741,105
Corr Off 89	491	32,782,164	482	31,286,524
Sheriffs 89-a	16	965,749	3	136,861
Sheriffs 89-b	37	2,553,741	13	834,954
Sheriffs 89-b(m)	24	1,699,699	7	358,671
Investigators 89-d	0	0	1	85,458
Investiga. 89-d(m)	10	1,222,870	2	170,733
Sheriffs - 551	4	222,171	22	1,209,083
Sheriffs - 551e	0	0	4	232,674
Sheriffs - 552	8	460,296	14	763,399
Sheriffs - 553	37	2,760,974	56	4,134,153
Legislators 80-a	82	6,266,501	5	282,135
Unified Crt Pc Off	0	0	297	22,415,174
25-Yr CO/Sher/OMH	186	13,648,697	186	12,925,331
25-Yr 1/60 PO, AMT, PAR	57	4,987,929	26	2,127,378
	<b>Tier 3 &amp; 4</b>	<b>Tier 3 &amp; 4 Salaries</b>		
Article 14 & 15	415,579	\$14,708,894,958		
Reg CO/SHTA ¾ Dis	352	18,484,150		
Art 14 Corr Officer	21,011	1,096,774,656		
Sheriffs - 551	353	17,170,064		
Sheriffs - 551e	41	1,914,341		
Sheriffs - 552	532	25,786,105		
Sheriffs - 553	1,274	79,337,539		
Unified Crt Pc Off	5,351	300,417,543		
25-Yr CO/Sher/OMH	8,106	455,440,875		
25-Yr 1/60 PO, AMT, PAR	142	10,352,400		
20-Yr 1/60 Invest	18	1,835,108		
West. Co. C.I.	23	2,194,287		

# MEMBERS AND SALARIES BY PLAN: PFRS

As of March 31, 2004

	<b>Tier 1</b>	<b>Tier 1 Salaries</b>	<b>Tier 2</b>	<b>Tier 2 Salaries</b>
Age 55/60 Contributory	3	\$13,619	80	\$695,120
Age 55 375-c	7	225,488	393	6,044,562
Age 55 375-e	0	0	59	757,450
Age 55 375-g	7	450,410	126	2,032,877
Age 55 375-h	27	2,022,186	6	409,325
Age 55 375-i	71	6,136,433	306	10,425,358
Age 55 375-j	0	0	6	401,390
State Police 381-b	43	4,216,630	4,568	372,445,190
Reg Park Pol 383-a	11	836,484	303	13,392,158
EnCon Police 383-b	10	734,818	289	15,875,267
Forest Ranger 383-c	1	72,529	111	5,988,252
25-Yr Contributory	0	0	0	0
25-Yr Non-contrib	13	713,314	91	3,521,846
25-Yr 384(f) Contrib	0	0	0	0
25-Yr 384(f) Non-con	36	2,971,659	126	9,120,899
20-Yr Contributory	0	0	4	51,489
20-Yr Non-contrib	381	31,782,660	9,552	595,903,014
384-e Contributory	0	0	0	0
384-e Non-contrib	1,013	112,837,470	14,716	1,258,794,572

# PENSIONERS AND BENEFICIARIES BY AGE

As of March 31, 2004

<b>ERS</b>			
<b>Age</b>	<b>Pensioners &amp; Beneficiaries</b>	<b>Pensioners</b>	<b>Beneficiaries</b>
0-25	166	0	166
26-30	94	0	94
31-35	210	20	190
36-40	474	207	267
41-45	1,336	899	437
46-50	2,491	1,897	594
51-55	7,328	6,460	868
56-60	37,481	36,120	1,361
61-65	46,380	44,506	1,874
66-70	49,987	47,397	2,590
71-75	48,531	45,200	3,331
76-80	44,977	40,473	4,504
81-85	33,941	29,649	4,292
86-90	19,553	16,498	3,055
91-95	7,031	5,653	1,378
96-100	1,402	1,060	342
100+	146	102	44
<b>Total</b>	<b>301,528</b>	<b>276,141</b>	<b>25,387</b>
<b>PFRS</b>			
0-25	12	0	12
26-30	6	0	6
31-35	37	29	8
36-40	165	149	16
41-45	429	403	26
46-50	1,213	1,166	47
51-55	3,174	3,098	76
56-60	5,320	5,214	106
61-65	5,186	5,051	135
66-70	3,706	3,559	147
71-75	3,173	2,973	200
76-80	2,495	2,265	230
81-85	1,235	1,062	173
86-90	495	364	131
91-95	154	95	59
96-100	24	11	13
100+	5	3	2
<b>Total</b>	<b>26,829</b>	<b>25,442</b>	<b>1,387</b>

# PENSIONERS AND BENEFICIARIES: ERS

As of March 31, 2004 by year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$424	\$1,996	\$2,420	1974	2,043	\$4,237	\$4,715	\$8,952
1943	0	0	0	0	1975	2,256	4,399	4,237	8,636
1944	1	553	4,805	5,358	1976	3,060	4,688	4,102	8,790
1945	0	0	0	0	1977	3,893	4,530	3,718	8,248
1946	2	437	3,595	4,032	1978	3,975	4,789	3,575	8,364
1947	0	0	0	0	1979	4,750	5,050	3,472	8,521
1948	1	463	3,060	3,523	1980	5,310	5,106	2,945	8,051
1949	1	281	1,687	1,968	1981	5,863	5,402	2,456	7,858
1950	1	218	654	872	1982	6,728	5,855	2,279	8,135
1951	0	0	0	0	1983	6,196	6,253	2,133	8,386
1952	4	621	2,585	3,206	1984	9,303	8,312	2,561	10,874
1953	2	1,295	4,701	5,995	1985	7,374	8,313	2,278	10,591
1954	2	1,350	5,650	7,000	1986	8,315	8,870	2,213	11,083
1955	6	1,066	3,862	4,928	1987	8,192	9,802	2,233	12,035
1956	4	1,713	6,496	8,209	1988	7,941	10,475	2,138	12,613
1957	5	2,278	7,286	9,564	1989	8,642	11,389	2,018	13,407
1958	7	1,906	7,133	9,039	1990	9,304	12,505	1,808	14,313
1959	11	4,290	11,895	16,185	1991	13,629	16,304	1,759	18,062
1960	18	2,097	6,767	8,864	1992	12,798	13,801	1,391	15,191
1961	23	1,954	5,670	7,623	1993	9,953	14,298	1,183	15,481
1962	28	2,564	6,132	8,696	1994	8,571	14,407	992	15,399
1963	46	1,938	4,556	6,494	1995	10,392	15,196	874	16,070
1964	65	2,717	5,802	8,519	1996	17,170	19,620	787	20,407
1965	72	2,106	4,781	6,887	1997	15,237	18,445	512	18,958
1966	109	2,615	4,736	7,350	1998	11,353	16,403	254	16,658
1967	165	2,212	4,276	6,488	1999	12,330	16,058	147	16,205
1968	234	2,276	3,779	6,055	2000	14,351	17,309	0	17,309
1969	300	2,668	3,964	6,632	2001	14,968	20,785	0	20,785
1970	521	3,600	4,912	8,512	2002	12,300	18,931	0	18,931
1971	773	3,973	5,114	9,087	2003	25,723	27,473	0	27,473
1972	1,504	4,974	6,031	11,005	2004	9,534	19,316	0	19,316
1973	1,589	3,756	4,483	8,239					

4,579 of the 25,387 beneficiaries are not eligible for COLA

# PENSIONERS AND BENEFICIARIES: PFRS

As of March 31, 2004 by year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$2,029	\$18,999	\$21,028	1974	352	\$7,812	\$10,380	\$18,192
1943	0	0	0	0	1975	253	8,496	9,811	18,307
1944	0	0	0	0	1976	294	9,513	9,435	18,947
1945	0	0	0	0	1977	470	10,543	9,569	20,112
1946	0	0	0	0	1978	472	10,658	9,024	19,682
1947	1	2,219	7,333	9,552	1979	525	11,652	8,587	20,239
1948	0	0	0	0	1980	591	12,147	7,388	19,535
1949	0	0	0	0	1981	526	13,399	6,340	19,740
1950	1	2,158	6,477	8,635	1982	613	14,772	5,740	20,512
1951	0	0	0	0	1983	678	15,906	5,353	21,259
1952	1	2,908	15,865	18,773	1984	635	17,681	5,279	22,959
1953	2	2,524	6,723	9,246	1985	758	19,309	4,783	24,092
1954	3	2,189	11,494	13,684	1986	1020	20,837	4,619	25,456
1955	3	2,550	6,624	9,174	1987	1073	22,899	4,460	27,359
1956	3	2,702	14,105	16,808	1988	1102	24,602	4,149	28,751
1957	6	3,152	14,026	17,177	1989	1104	25,137	3,671	28,808
1958	2	2,866	11,940	14,805	1990	1102	27,362	3,101	30,463
1959	2	2,980	14,205	17,185	1991	1174	30,947	2,555	33,501
1960	3	2,889	13,742	16,631	1992	1314	35,029	2,055	37,084
1961	7	2,734	10,656	13,390	1993	1193	34,220	1,667	35,887
1962	6	4,397	15,890	20,286	1994	1047	33,131	1,251	34,383
1963	13	3,324	11,459	14,783	1995	903	37,526	674	38,200
1964	6	2,788	8,362	11,150	1996	876	36,163	569	36,732
1965	8	4,340	11,255	15,595	1997	857	40,029	435	40,464
1966	18	4,963	10,243	15,206	1998	824	39,699	228	39,927
1967	30	4,267	9,002	13,269	1999	828	40,401	145	40,546
1968	41	4,763	9,853	14,615	2000	950	46,744	0	46,744
1969	58	5,102	8,875	13,977	2001	1152	52,299	0	52,299
1970	75	5,545	9,530	15,075	2002	996	52,825	0	52,825
1971	103	6,329	9,715	16,043	2003	1324	59,915	0	59,915
1972	365	7,279	10,819	18,098	2004	458	55,609	0	55,609
1973	296	7,531	10,601	18,132					

111 of the 1,387 beneficiaries are not eligible for COLA

# TOTAL BENEFIT PAYMENTS 1995-2004

As of March 31, 2004; in millions of dollars

<b>Year Ended March 31,</b>	<b>Retirement Benefits</b>	<b>Death Benefits</b>	<b>Post-Retirement Supplements</b>	<b>Total</b>
<b>1995</b> Total	2,357.8	107.3	62.8	2,527.9
ERS	1,917.5	99.4	50.4	2,067.3
PFRS	440.3	7.9	12.4	460.6
<b>1996</b> Total	2,639.7	140.0	98.1	2,877.8
ERS	2,173.2	131.3	82.0	2,386.5
PFRS	466.5	8.7	16.1	491.3
<b>1997</b> Total	2,885.3	118.5	118.2	3,121.9
ERS	2,398.6	104.4	93.4	2,596.4
PFRS	486.7	14.0	24.8	525.5
<b>1998</b> Total	3,071.6	125.7	107.7	3,305.0
ERS	2,551.2	115.0	89.0	2,755.2
PFRS	520.4	10.7	18.7	549.8
<b>1999</b> Total	3,217.1	123.0	141.9	3,482.0
ERS	2,670.2	114.2	116.5	2,900.9
PFRS	546.9	8.8	25.4	581.1
<b>2000</b> Total	3,415.1	142.8	162.3	3,720.2
ERS	2,834.4	125.9	132.5	3,092.8
PFRS	580.7	16.9	29.8	627.4
<b>2001</b> Total	3,691.9	152.9	336.1	4,181.0
ERS	3,069.7	140.4	272.5	3,482.6
PFRS	622.1	12.6	63.6	698.3
<b>2002</b> Total	3,872.0	151.8	464.5	4,488.3
ERS	3,220.0	139.1	377.5	3,736.6
PFRS	652.0	12.7	87.0	751.7
<b>2003</b> Total	4,373.3	148.4	462.9	4,984.6
ERS	3,649.5	132.5	378.8	4,160.8
PFRS	723.8	15.9	84.1	823.8
<b>2004</b> Total	4,722.1	157.3	468.1	5,347.5
ERS	3,931.3	149.5	382.3	4,463.1
PFRS	790.8	7.8	85.8	884.4

# LOCAL GOVERNMENT SALARIES AND BILLINGS: ERS

Contributions include the normal cost of benefits including supplemental pensions and, in some cases, the Retirement Incentive Program, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due December 15<sup>th</sup> preceding the fiscal year end.

Counties FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
1995	\$3,109,797,395	\$24,066,266	\$17,925,677	\$0	\$6,140,589	\$0
1996	3,163,577,386	81,839,187	64,864,477	0	7,087,183	9,887,527
1997	3,218,571,512	136,275,142	114,221,941	0	12,176,734	9,876,467
1998	3,290,512,685	63,815,472	44,818,131	0	12,310,699	6,686,642
1999	3,317,593,629	71,817,750	52,153,534	0	9,683,998	9,949,052
2000	3,513,663,377	47,550,204	44,089,156	0	3,461,048	0
2001	3,598,319,558	44,904,136	37,440,928	0	7,463,208	0
2002	3,817,914,090	101,316,465	82,773,336	0	7,229,857	11,313,272
2003	3,813,343,496	66,441,940	44,516,791	0	10,418,476	11,506,673
2004	3,795,141,457	322,153,335	293,543,167	0	13,356,806	15,253,362
<b>Cities</b>						
1995	481,688,398	3,571,038	2,553,328	0	1,017,710	0
1996	468,482,983	12,796,945	10,183,620	0	1,090,225	1,523,100
1997	465,938,196	18,773,658	15,453,610	0	1,866,113	1,453,935
1998	483,184,125	9,763,360	6,930,581	0	1,870,253	962,526
1999	510,868,002	8,341,076	5,336,046	0	1,503,222	1,501,808
2000	541,255,927	5,242,065	4,680,415	0	561,650	0
2001	548,044,933	5,945,398	4,797,725	0	1,147,673	0
2002	570,316,356	7,884,399	5,078,809	0	1,089,756	1,715,834
2003	601,802,088	9,912,113	6,344,547	0	1,778,236	1,789,330
2004	583,920,060	38,393,995	33,655,003	0	2,331,779	2,407,213
<b>Towns</b>						
1995	855,048,725	8,399,011	4,635,469	1,962,788	1,782,754	0
1996	883,425,384	24,229,410	18,120,430	1,443,435	1,962,629	2,702,916
1997	893,982,245	34,339,512	26,951,230	1,039,084	3,606,421	2,742,777
1998	924,719,662	16,253,628	9,965,051	835,123	3,605,662	1,847,792
1999	966,516,862	14,095,626	7,685,795	657,842	2,875,778	2,876,211
2000	1,013,354,164	10,047,557	8,538,716	505,798	1,030,043	0
2001	1,055,866,622	11,612,993	9,070,412	400,687	2,141,894	0
2002	1,085,721,959	15,493,134	9,563,447	451,393	2,173,047	3,305,247
2003	1,203,818,756	19,417,971	12,155,338	513,119	3,353,593	3,395,921
2004	1,207,515,635	72,030,307	61,780,774	577,779	4,866,863	4,804,891
<b>Villages</b>						
1995	256,190,550	2,111,976	908,730	667,330	535,916	0
1996	265,470,358	6,758,564	4,809,519	548,468	589,626	810,951
1997	267,726,816	9,729,246	7,389,554	426,991	1,086,892	825,809
1998	279,130,832	4,857,232	2,898,474	328,961	1,074,921	554,876
1999	291,877,202	4,408,822	2,370,180	295,755	871,955	870,932
2000	307,420,950	2,926,461	2,412,659	206,686	307,116	0
2001	319,734,235	3,473,281	2,652,633	171,241	649,407	0
2002	334,321,723	4,842,867	3,029,367	151,907	656,935	1,004,658
2003	368,910,087	5,800,458	3,502,984	192,398	1,051,923	1,053,153
2004	370,581,719	21,180,783	18,035,178	193,720	1,476,242	1,475,643
<b>Miscellaneous</b>						
1995	1,672,007,132	8,405,925	3,633,324	1,318,516	3,454,085	0
1996	1,744,697,265	40,069,867	29,192,142	1,370,815	4,031,983	5,474,927
1997	1,692,883,994	65,736,110	52,806,024	863,471	6,796,159	5,270,456
1998	1,771,011,679	39,905,878	28,789,372	820,131	6,771,187	3,525,188
1999	2,007,093,850	31,140,442	18,366,321	991,354	5,901,449	5,881,318
2000	2,119,841,417	14,170,508	11,097,152	817,590	2,255,766	0
2001	2,204,318,973	27,280,907	21,886,029	811,881	4,582,997	0
2002	2,303,685,930	40,850,448	28,831,958	630,188	4,439,975	6,948,327
2003	2,649,751,097	35,373,978	19,246,626	\$672,563	7,719,584	7,735,205
2004	2,965,176,890	190,554,899	165,913,695	704,728	11,993,022	11,943,454
<b>Schools</b>						
1995	1,564,159,665	11,398,933	7,563,224	492,340	3,343,369	0
1996	1,629,239,509	41,458,406	32,592,704	307,411	3,567,213	4,991,078
1997	1,698,809,142	60,257,868	48,246,882	230,485	6,673,012	5,107,489
1998	1,787,810,125	31,726,387	21,081,785	124,127	6,969,775	3,550,700
1999	1,900,655,161	24,204,803	12,876,441	93,697	5,605,170	5,629,495
2000	2,044,487,654	14,062,795	11,951,657	62,234	2,048,904	0
2001	2,151,035,909	14,337,947	9,886,159	56,668	4,395,120	0
2002	2,297,785,319	26,100,959	14,739,853	77,255	4,461,655	6,822,196
2003	2,552,514,086	35,552,496	20,821,356	77,980	7,351,551	7,301,609
2004	2,552,215,506	137,535,816	117,151,107	83,999	10,099,716	10,200,994

# LOCAL GOVERNMENT SALARIES AND BILLINGS: PFRS

Contributions include the normal cost of benefits including supplemental pensions, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due December 15<sup>th</sup> preceding the fiscal year end.

<b>Counties</b>						
<b>FYE</b>	<b>Salaries</b>	<b>Contributions</b>	<b>Normal</b>	<b>Deficiency</b>	<b>GLIP</b>	<b>Admin</b>
1995	\$403,216,007	\$65,104,358	\$63,545,035	\$0	\$21,508	\$1,537,815
1996	438,331,957	66,488,055	64,383,417	0	419,529	1,685,109
1997	460,475,667	56,865,391	55,003,997	0	21,817	1,839,577
1998	496,031,494	44,599,945	43,158,593	0	0	1,441,352
1999	543,082,677	20,314,600	18,243,419	0	514,882	1,556,299
2000	545,700,011	21,010,509	20,415,078	0	595,431	0
2001	535,409,526	17,496,569	17,494,960	0	1,609	0
2002	581,374,784	15,619,968	15,090,687	0	529,281	0
2003	593,362,415	15,430,950	14,797,670	0	633,280	0
2004	610,067,673	39,836,533	36,912,877	0	550,206	2,373,450
<b>Cities</b>						
1995	530,638,613	76,193,953	74,010,158	0	7,684	2,176,111
1996	548,848,604	71,583,860	68,780,463	0	544,741	2,258,656
1997	562,547,665	58,283,466	55,930,381	0	8,813	2,344,272
1998	591,399,214	40,148,314	38,356,940	0	0	1,791,374
1999	619,314,622	13,502,022	11,013,745	0	599,107	1,889,170
2000	654,093,495	11,940,326	11,290,231	0	650,095	0
2001	671,218,008	12,948,799	12,937,263	0	11,536	0
2002	693,245,778	13,533,899	12,846,509	0	687,390	0
2003	748,146,539	13,408,241	12,691,514	0	716,727	\$0
2004	751,505,609	48,737,822	45,020,390	0	724,846	2,992,586
<b>Towns</b>						
1995	166,296,670	19,715,673	19,037,355	0	3,236	675,082
1996	171,631,098	20,388,262	19,502,063	0	172,896	713,303
1997	182,369,269	15,994,158	15,255,565	0	848	737,745
1998	191,780,937	11,966,416	11,382,916	0	0	583,500
1999	201,612,792	3,969,445	2,870,493	0	195,311	903,641
2000	214,222,469	3,663,610	3,451,239	0	212,371	0
2001	220,479,447	2,959,710	2,955,384	0	4,326	0
2002	233,950,431	4,863,621	4,636,856	0	226,765	0
2003	253,409,418	4,449,842	4,201,437	0	248,405	0
2004	256,399,657	15,954,403	14,694,751	0	246,013	1,013,639
<b>Villages</b>						
1995	151,025,511	17,068,986	16,441,759	6,402	3,394	580,197
1996	158,134,644	16,526,084	15,717,425	6,572	154,638	647,449
1997	165,237,098	12,732,047	12,049,570	0	2,170	680,307
1998	173,879,013	8,900,622	8,371,109	0	0	529,513
1999	180,722,032	1,805,998	1,072,239	0	177,239	556,520
2000	195,202,698	2,171,938	1,983,342	0	188,596	0
2001	202,039,062	1,378,614	1,371,915	0	6,699	0
2002	211,413,597	2,090,046	1,881,908	0	208,138	0
2003	229,923,695	2,103,772	1,882,370	0	221,402	0
2004	228,232,646	12,613,728	11,474,812	0	223,124	915,792
<b>Miscellaneous</b>						
1995	125,326,690	24,481,994	23,868,262	0	10,786	602,956
1996	133,277,198	19,417,148	18,751,150	0	132,611	533,387
1997	131,223,651	16,328,306	15,758,123	0	905	569,278
1998	126,705,254	11,906,461	11,488,373	0	0	418,088
1999	176,049,026	5,226,713	4,687,996	0	133,835	404,882
2000	153,688,055	7,310,677	7,079,070	0	231,607	0
2001	160,242,257	5,343,741	5,342,721	0	1,020	0
2002	208,867,932	5,508,343	5,379,731	0	128,612	0
2003	237,403,863	7,179,150	6,915,554	0	263,596	0
2004	196,674,046	17,859,051	16,667,270	0	242,166	949,615

# CONTRIBUTIONS RECORDED 1995 – 2004

In millions of dollars

Contributions recorded are the amounts presented in the System's financial statements and include employer costs plus/minus any adjustments in amounts receivable and changes resulting from legislation.

<b>Year ended March 31,</b>	<b>Employer Contributions*</b>	<b>Member Contributions</b>
<b>1995</b> Total	\$315.1	\$334.0
State	42.6	
Local	272.5	
<b>1996</b> Total	776.9	341.9
State	289.8	
Local	487.2	
<b>1997</b> Total	903.5	348.2
State	406.7	
Local	496.8	
<b>1998</b> Total	462.6	369.4
State	104.5	
Local	358.1	
<b>1999</b> Total	291.7	399.8
State	91.2	
Local	200.5	
<b>2000</b> Total	164.5	422.7
State	10.9	
Local	153.6	
<b>2001</b> Total	214.8	319.1
State	51.2	
Local	163.6	
<b>2002</b> Total	263.8	319.1
State	64.6	
Local	199.2	
<b>2003</b> Total	651.9	219.2
State	274.4	
Local	377.5	
<b>2004</b> Total	1,286.5	221.9
State	454.8	
Local	831.7	

\* Includes employer premiums to Group Term Life Insurance Plan.

# NOTES TO 20-YEAR SUMMARY

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- \* Combined Systems unless noted; \$ in millions; data as of March 31 fiscal year end.
- (a) Includes active members and inactive members identified with their last employer.
- (b) Beginning in the 2002 fiscal year, Tier 3 and 4 membership statistics are combined.
- (c) Total does not include Employee Contributions Refunded or Other Benefits found in the Financial Statements.
- (d) All rates assume a December 15 payment date prior to the close of the fiscal year. While the State pays on March 1 prior to fiscal year end, the December date is used for comparability. Contributions include Retirement Incentives and other costs.
- (e) Investments for 1995 and later years are shown at (and rate of return is calculated on) market value as required by GASB 25 which the System adopted that year. Pre-1995 fixed income investments are shown at book value, all others at market. Pre-1995 rates of return also reflect this valuation.

<b>Twenty Year Summary</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Total Participants	970,078	964,140	944,500	924,643	899,314	882,234	867,204	860,429	864,460
Number of Members	641,721	650,543	637,896	626,565	604,479	593,188	582,689	578,566	590,130
<b>ERS (a)</b>	606,155	614,555	602,428	590,959	569,369	558,236	547,805	543,663	553,649
State	207,641	216,005	216,507	222,343	216,347	216,380	214,628	216,084	225,771
Counties	117,514	119,319	118,318	119,638	115,576	113,856	112,792	115,904	118,055
Cities	18,933	19,637	19,671	19,551	19,148	18,966	18,907	18,909	19,410
Towns	39,841	39,395	38,063	37,121	35,882	35,056	34,764	33,949	33,997
Villages	12,878	12,823	12,360	11,969	11,509	11,279	11,087	10,942	10,939
Misc.	85,732	85,708	81,752	69,968	67,212	64,218	62,176	58,128	58,582
Schools	123,616	121,668	115,757	110,369	103,695	98,481	93,451	89,747	86,895
<b>PFRS (a)</b>	35,566	35,988	35,468	35,606	35,110	34,952	34,884	34,903	36,481
State	5,898	5,802	5,679	5,534	5,279	5,232	5,195	5,230	5,793
Counties	5,814	5,901	6,029	6,176	6,267	6,338	6,332	6,277	6,542
Cities	12,374	12,541	12,612	12,781	12,660	12,552	12,579	12,538	12,923
Towns	4,231	4,233	4,191	4,180	4,163	4,149	4,139	4,095	4,170
Villages	4,732	4,867	4,795	4,805	4,727	4,699	4,683	4,743	4,967
Misc.	2,517	2,644	2,162	2,130	2,014	1,982	1,956	2,020	2,086
<b>Members By Tier (b)</b>									
ERS Tier 1	39,622	50,032	56,541	60,736	57,657	64,173	69,942	75,166	84,015
ERS Tier 2	27,398	30,122	31,981	32,914	32,641	34,296	36,061	37,739	41,631
ERS 3 & 4	539,135	534,401	513,906	497,309	479,071	459,767	441,802	430,758	428,003
PFRS Tier 1	2,076	2,597	3,260	3,927	4,469	4,997	5,537	6,087	6,872
PFRS Tier 2	33,490	33,391	32,208	31,679	30,641	29,955	29,347	28,816	29,609
<b>Pensioners &amp; Beneficiaries</b>	328,357	313,597	306,604	298,078	294,835	289,046	284,515	281,863	274,330
ERS	301,528	287,341	280,997	273,147	270,333	264,899	260,751	258,413	251,442
PFRS	26,829	26,256	25,607	24,931	24,502	24,147	23,764	23,450	22,888
<b>Employers</b>	2,985	2,968	2,922	2,897	2,860	2,843	2,809	2,786	2,779
ERS	2,959	2,943	2,917	2,890	2,853	2,836	2,813	2,782	2,773
PFRS	684	681	679	678	678	679	678	676	675
<b>Benefit Payments (c)</b>	\$5,347.5	\$4,984.6	\$4,488.3	\$4,181	\$3,720.2	\$3,482.0	\$3,305.0	\$3,122.0	\$2,877.9
Retirement Allowances	4,722.1	4,373.3	3,872.0	3,619.9	3,415.1	3,217.1	3,071.6	2,885.3	2,639.8
Death Benefits (Lump Sum)	157.3	148.4	151.8	152.9	142.8	123.0	125.7	118.5	140.0
COLA Payments	468.1	462.9	464.5	336.1	162.3	141.9	107.7	118.2	98.1
# of Service Retirements	23,655	16,078	17,499	11,640	14,470	12,675	11,932	15,324	19,578
# of Death Benefits Paid	1,025	1,019	1,068	1,005	1,026	956	974	965	1,092
# of Disability Retirements	1,103	1,064	1,038	1,079	1,189	1,356	938	1,016	1,235
<b>Employer Contributions</b>	\$1,286.5	\$651.9	\$263.8	\$214.8	\$164.5	\$291.7	\$462.6	\$903.5	\$776.9
ERS	1,052.3	525.5	179.1	131.0	83.0	193.2	280.1	668.8	521.8
PFRS	158.4	66.3	47.3	49.0	62.0	50.1	125.1	177.9	219.3
Group Life Insurance Plan	75.8	60.1	37.4	34.8	19.5	48.4	57.4	56.8	35.9
<b>Rate (as a % of Salary) (d)</b>									
ERS	5.9%	1.5%	1.2%	0.9%	0.9%	1.3%	1.7%	3.7%	2.2%
PFRS	5.8%	1.4%	1.6%	1.6%	1.9%	2.4%	7.0%	9.8%	13.0%
<b>Employee Contributions</b>	\$221.9	\$219.2	\$210.2	\$319.1	\$422.7	\$399.8	\$369.4	\$348.2	\$341.9
ERS	217.4	214.1	206.0	317.4	422.0	398.7	368.8	347.7	338.5
PFRS	4.5	5.1	4.2	1.7	0.7	1.1	0.6	0.5	3.5
<b>Investments (e)</b>	\$119,245.0	\$95,598.3	\$111,168.5	\$112,432.9	\$127,138.9	\$111,008.7	\$104,921.8	\$82,333.8	\$74,827.9
Equities	74,876.5	51,357.0	66,375.5	63,661.7	82,733.6	66,397.8	63,348.7	45,827.4	42,818.4
Fixed Income	29,691.2	32,019.7	31,839.2	35,305.7	31,764.3	34,307.9	32,451.7	27,373.5	25,709.5
Commercial Mortgages	1,530.0	1,723.6	1,628.7	1,835.8	1,318.6	1,509.5	1,635.0	1,506.3	1,736.3
Short-term Investments	1,879.1	771.2	1,429.0	992.0	2,238.3	2,541.8	1,927.0	3,011.2	1,092.8
Alternative Investments	6,738.8	5,564.8	5,579.5	5,941.6	5,385.9	3,159.8	2,671.7	2,122.9	2,067.3
Equity Real Estate	4,529.4	4,162.0	4,316.6	4,696.0	3,698.1	3,091.8	2,887.7	2,492.5	1,403.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Rate of Return</b>	28.8%	-10.2%	2.76%	-8.65%	17.8%	8.8%	30.4%	10.9%	21.8%
Fixed Income Investments	8.9%	16.8%	4.3%	14.1%	1.3%	6.6%	15.6%	4.3%	12.9%
Equity Investments	42.8%	-24.3%	2.9%	-20.3%	25.3%	10.1%	47.2%	15.0%	29.7%
<b>Administrative Cost</b>	\$69.6	\$67.5	\$66.6	\$57.8	\$50.7	\$52.6	\$49.1	\$47.6	\$46.6
<b>Financial Statement Assets</b>	\$120,799.0	\$97,372.7	\$112,724.9	\$114,043.5	\$128,889.4	\$112,723.1	\$106,319.2	\$83,947.5	\$77,452.8

1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
867,731	862,498	860,427	867,927	877,884	882,410	859,729	829,243	796,177	787,860	771,693
605,544	601,710	602,133	615,114	638,049	649,847	633,468	607,649	580,474	578,174	569,729
569,298	566,320	567,223	580,158	602,433	614,392	598,381	573,152	546,772	545,851	537,567
238,760	239,412	241,538	247,209	260,156	268,947	262,648	253,836	244,250	233,851	233,401
120,517	120,186	120,819	125,168	129,158	130,614	126,729	119,679	112,838	107,375	106,044
20,283	20,699	20,792	21,890	22,982	23,530	23,109	22,648	21,814	21,018	21,386
34,349	34,316	34,474	35,413	36,251	36,615	35,472	33,714	32,055	30,795	30,656
11,057	11,067	11,137	11,388	11,671	11,867	11,636	11,174	10,634	10,078	10,124
59,080	58,057	56,906	56,456	57,292	57,420	54,657	50,824	47,288	43,513	41,151
85,252	82,583	81,557	82,634	84,923	85,399	84,130	81,277	77,893	74,301	75,324
36,246	35,390	34,910	34,956	35,616	35,455	35,087	34,497	33,702	32,323	32,162
5,866	5,692	5,787	5,603	5,689	5,586	5,424	5,229	4,966	4,367	4,243
6,278	5,904	5,565	5,715	6,089	6,211	6,486	6,459	6,441	6,010	6,201
12,919	12,761	12,682	12,808	12,992	12,999	12,855	12,721	12,585	12,447	12,488
4,077	4,050	3,987	3,989	3,965	3,862	3,725	3,604	3,440	3,297	3,222
4,967	4,862	4,922	4,874	4,853	4,747	4,540	4,444	4,250	4,026	3,959
2,139	2,121	1,967	1,967	2,028	2,050	2,057	2,040	2,020	1,820	1,730
96,299	101,254	107,383	115,086	129,525	139,420	149,243	158,387	167,478	179,104	193,131
45,716	47,778	49,846	52,871	56,040	58,958	60,798	62,421	63,942	67,956	73,879
427,283	417,288	409,994	412,201	416,868	416,014	388,340	352,344	315,352	298,791	270,558
7,439	8,005	9,009	10,204	11,601	12,734	13,908	15,201	16,375	17,588	18,962
28,807	27,385	25,901	24,752	24,015	22,721	21,179	19,296	17,327	14,735	13,200
262,187	260,788	258,294	252,813	239,835	232,563	226,261	221,594	215,703	209,686	201,964
239,727	238,729	237,059	232,484	220,579	214,206	208,791	205,051	200,175	195,175	188,470
22,460	22,059	21,235	20,329	19,256	18,357	17,470	16,543	15,528	14,511	13,494
2,765	2,752	2,731	2,724	2,743	2,715	2,670	2,630	2,647	2,633	2,636
2,760	2,748	2,727	2,720	2,708	2,687	2,638	2,617	2,610	2,600	2,595
674	672	672	669	666	658	656	653	654	627	650
\$2,527.9	\$2,393.7	\$2,267.9	\$2,067.7	\$1,834.2	\$1,670.4	\$1,579.1	\$1,381.9	\$1,275.8	\$1,157.0	\$1,063.4
2,357.8	2,216.6	2,082.5	1,884.8	1,647.5	1,485.2	1,359.3	1,234.2	1,130.0	1,012.5	929.3
107.3	112.0	115.1	105.2	103.9	99.0	101.2	96.5	92.1	87.0	84.3
62.8	65.1	70.3	77.7	82.8	86.2	118.6	51.2	53.7	57.5	49.8
9,613	9,651	11,409	19,573	12,703	12,201	11,255	11,063	12,036	13,109	11,323
1,068	1,062	1,033	1,162	1,306	1,155	1,266	1,357	1,161	1,284	1,305
1,183	1,413	1,367	1,445	1,647	1,328	1,190	1,075	978	905	813
\$315.1	\$530.1	\$369.8	\$356.8	(\$72.4)	\$412.2	\$759.4	\$1,321.3	\$1,174.1	\$1,276.9	\$1,610.5
47.2	337.2	140.9	181.2	(188.2)	284.5	573.7	1,102.6	978.4	1,026.6	1,289.4
237.8	158.2	198.9	175.6	91.8	82.6	139.2	180.3	150.0	206.5	260.8
30.1	34.7	30.0	0.0	24.0	45.1	46.5	38.4	45.6	43.8	60.3
0.7%	0.7%	0.6%	0.4%	0.3%	3.6%	3.7%	9.7%	9.4%	10.4%	14.2%
13.9%	11.3%	14.0%	11.5%	7.8%	8.3%	8.5%	14.8%	13.3%	19.8%	26.5%
\$334.0	\$307.5	\$284.1	\$287.0	\$255.3	\$229.9	\$194.7	\$188.5	\$151.2	\$132.3	\$116.0
331.6	306.0	282.8	284.2	254.3	228.6	193.2	187.0	151.0	132.0	115.7
2.4	1.5	1.3	2.8	1.0	1.3	1.5	1.5	0.2	0.3	0.3
\$63,406.6	\$58,416.8	\$56,428.9	\$51,925.8	\$48,945.5	\$45,189.3	\$40,280.6	\$35,812.5	\$35,621.8	\$29,781.6	\$23,953.8
34,775.2	31,357.7	29,953.5	25,480.2	23,751.5	21,120.3	18,478.6	16,333.9	18,297.2	14,217.1	9,008.5
22,771.6	21,279.0	20,788.5	20,452.4	19,192.6	18,383.1	16,445.4	14,600.4	12,729.5	11,892.5	11,095.2
1,836.6	1,932.3	2,120.7	2,314.8	2,612.9	2,460.4	2,595.2	2,647.9	2,660.6	2,614.0	2,589.1
983.8	1,036.5	937.5	1,128.0	1,049.6	1,472.3	1,506.8	1,577.5	1,278.0	679.9	1,127.1
1,937.0	1,664.0	1,554.7	1,343.6	1,263.7	786.6	631.7	0.0	0.0	0.0	0.0
1,102.4	1,147.3	1,074.0	1,206.7	1,075.2	966.6	623.0	216.4	38.4	34.4	33.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	436.4	618.1	343.6	100.4
8.8%	6.9%	12.5%	10.7%	11.7%	13.9%	13.4%	1.6%	17.8%	24.0%	13.7%
4.8%	9.0%	9.2%	9.0%	9.3%	9.2%	10.2%	9.6%	10.2%	10.4%	10.3%
12.4%	5.1%	15.3%	11.5%	14.0%	17.7%	18.0%	-8.6%	24.9%	39.2%	19.4%
\$43.8	\$39.7	\$36.9	\$36.6	\$36.7	\$34.0	\$30.7	\$31.8	\$34.4	29.3	\$24.4
\$65,413.3	\$60,121.7	\$58,049.7	\$53,711.2	\$50,538.7	\$47,147.0	\$42,867.5	\$38,508.2	\$38,239.9	\$33,068.0	\$27,386.1